

# Food for Thought

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## COMMENTS OF BUDGET 2016

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### COMMENTS OF BUDGET 2016

Association of Water and Energy Research Malaysia (AWER) has studied the detailed budget for year 2016 made available by Ministry of Finance and compared it with 9th, 10th and 11th Malaysia Plan. Our detailed comments are as below:

#### 1. National Water Services Industry Restructuring (NWSIR)

Ministry of Energy, Green Technology and Water (KeTTHA) has delayed NWSIR since the end of 9th Malaysia Plan. Kedah, Perlis, Terengganu, Kelantan, Pahang and Labuan have yet to complete the restructuring process while Selangor has only completed partial restructuring process. Indah Water Konsortium (IWK) which is under Ministry of Finance is also part of NWSIR and has yet to restructure and surrender its concession agreement. At the moment, IWK is seeking for tariff review. AWER disagrees to any tariff review for IWK before IWK completes its restructuring process and a detailed audit process of its costing is done. We have raised our concerns on this issue to Suruhanjaya Perkhidmatan Air Negara (SPAN) numerous times.

In addition to that, efforts of getting both Sarawak and Sabah on board to further enhance NWSIR implementation is also slow. Through NWSIR, a high quality treated water services with affordable and equitable tariff can be achieved. Many steps to improve water services industry are damped due to delays in NWSIR. We urge KeTTHA minister as well as senior officers to take full responsibility of NWSIR delay and resign. Such delay will increase capital expenditure costing which will cause unnecessary cost to be passed to water tariff and eventually may derail

the actual objectives of NWSIR.

Meanwhile, plans for water services sector related to water demand management, sewerage industry master plan as well as non-revenue water (NRW) reduction which were published in 11th Malaysia Plan were neither highlighted in budget speech nor mentioned in the detailed budget.

## **2. Transportation Sector**

Malaysia's transportation sector uses 43.34% of final energy use in 2013 and it is even higher than the industry sector. How to reduce this high energy usage in transportation sector?

Building more highways is definitely not the solution. Will these highways cause more traffic congestion or able to reduce the traffic congestion? What guarantee can be given to the road users that these new highways will be able to reduce traffic congestions during peak hours? Is there any Traffic Impact Assessment (TIA) that reflects actual condition of traffic flow being carried out?

LRT extension from Ampang is partially ready to be used in some parts of Puchong as of this week. Unfortunately, the roads leading to the stations in Lebuhraya Bukit Jalil (aka Lebuhraya Puchong-Sg Besi) are in a very bad shape. Haphazard resurfacing of roads, destroyed pedestrian walk ways and lack of drainage for storm water only spells more problems soon. In a national level survey conducted by AWER (using Department of Statistic's sampling methodology), 52.78% of Malaysian said they will switch to public transportation if public transportation services are improved to be more effective. The connectivity as well as access to public transportation hubs plays an important role. We urge the relevant enforcement agencies to look into this matter as a lot of money is spent on projects such as this and it should not cause more inconvenience to public. As for the upcoming new projects, we urge the connectivity and access are studied carefully to ease traffic flow and encourage more commuters to use public transportation.

On another note, we applaud government's effort in subsidising unprofitable bus routes in rural areas. This is a step in the right direction to ensure the last mile connectivity between urban-rural transportation systems.

The government has also been very silent on energy efficient vehicle as well as Minimum Energy Performance Standard (MEPS) for all range of vehicles. These two steps coupled with public transportation will be able to cut high energy dependency of transportation sector.

## **3. Rural Water and Electricity Supply**

For the next five years, rural electricity supply is allocated RM 3.321 billion with RM 0.878 billion approved for 2016. Similarly, rural water supply is allocated RM 10.027 billion for the next five years with RM 0.568 billion approved for 2016. The question is, when will the government achieve the 100% target for Malaysians with water and electricity supply? Billions and billions of ringgit are being spent annually and yet there are still many living without basic supply of water and electricity in the rural areas. Therefore, we urge the government to map out the total population without electricity and water supply as well as type of solutions that are being selected to solve the problems to ensure the solutions are effective and cost efficient. For example, providing rain water harvesting system is not the viable solution compared to providing communal-

based treated water supply system for rural areas. In addition to that, the water quality of rural water supply must also be subjected to National Drinking Water Quality Standard by Ministry of Health (MOH) to ensure the treated water supplied complies with MOH standard.

#### **4. Agriculture Water Supply**

Water supply infrastructure for agricultural use must be in line with efficient water use in agriculture areas. A set of water usage baseline for per hectare or per tonne of products can be developed. Water efficiency can be achieved by reducing the per hectare or per tonne water usage via holistic management. Once the water efficiency method is optimised, this can be set as new standard for agricultural activities. Perks can be given via incentives for most water efficient agriculture activities based on category of products.

#### **5. Flood Mitigation**

Another RM 730 Million will be allocated for flood mitigation project nationwide. AWER urges Auditor General to conduct in depth auditing of flood mitigation and drainage related projects that were planned and executed under 8th, 9th and 10th Malaysia Plan. The audit scope should also evaluate the success rate of each project. It must also be noted that, Department of Irrigation and Drainage (DID) does not have enforcement power on the above solutions. When solutions are proposed, it is still up to the local government under the state government to implement recommendations. This is an important issue the needs to be solved. Most of the time, the recommendations given but local government does not impose it. To solve the flood problems, mitigation projects must function with recommendations that are given. Can DID be given enforcement power to ensure flood mitigation projects have higher success rate?

#### **6. KeTTHA Needs to Close Down Redundant Agencies to be in line with 11th Malaysia Plan (11th MP)**

Sewerage Services Department (JPP) has overlapping function with PAAB, SPAN and IWK. Water Supply Department (JBA) has overlapping functions with PAAB, SPAN and water operators. There must also not be any attempts to reduce functions of PAAB, SPAN, IWK or water operators. Both JBA and JPP must be closed down and its staff force can be absorbed to SPAN, PAAB, IWK, water operators or other government vacancies. If this can be carried out, the government will show its seriousness in carrying out its pledges in 11th MP. Similarly, it is widely known that JPP is attempting to form National Sewerage Company (NaSCo) to play the same role like PAAB for sewerage industry. This sort of manipulation and diversion from actual Water Services Industry Act 2006 (WSIA) model must be stopped. JPP's attempt to form NaSCo will further destroy National Water Services Industry Restructuring via WSIA model.

For energy and green technology sector, Sustainable Energy Development Agency (SEDA) and Yayasan Hijau must be closed down. SEDA's functions can be carried out by Energy Commission. Meanwhile, Yayasan Hijau's function can be carried out by GreenTech Corporation Malaysia. SEDA was mooted due to office politics and not real national policy need. Yayasan Hijau is basically doing some of the work that was previously done by GreenTech Corporation Malaysia. We urge the Federal Government to lead by example to close down these redundant agencies under KeTTHA.

Piarapakaran S.

President

Association of Water and Energy Research Malaysia (AWER)

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