

Malaysia

Stricter KPIs can cut water revenue losses, says group

By Clara Chooi

KUALA LUMPUR, Feb 19 — Stricter targets should be set on water operators to reduce non-revenue water (NRW) losses, said amounting to RM1.64 billion in 2009 or 41.7 per cent of the country's total water profits, says a local research group.

Association for Water and Energy Research Malaysia (Awer) president S. Piarapakaran said in a statement that savings from NRW losses could eventually reduce the cost of water treatment and supply in the country.

This, he said, could in turn help the government offer a more equitable water tariff to Malaysians.

"Awer also suggests that NRW should be a leading KPI to determine tariff adjustment for future tariff setting process," he said.

Piarapakaran added that the Water Services Commission (Span) and the Energy, Green Technology and Water Ministry should form a special task force to directly focus on ensuring that the national NRW value was maintained at below 20 per cent by the year 2020.

This, said Piarapakaran, meant that a stricter KPI or key performance index on water operators in Malaysia needed to be in place.

"If NRW can be reduced, the surplus in water services industry can be increased to a much more sustainable level.

"Additionally, all water operators should be licensed under the Water Services Industry Act 2006 so that capital expenditure for these projects will be audited and loans can be obtained from Pengurusan Aset Air Bhd. This is to ensure that these projects do not have high cost due to commercial loans," he said.

Piarapakaran said that according to a financial modelling study by Awer, the total financial loss caused by the NRW in Malaysia increased from RM1.62 billion in 2008 to RM1.64 billion in 2009.

The 2009 loss, he noted, was equivalent to 41.7 per cent of country's water revenue of RM3.93 billion that year.

The RM20 million increase in losses from 2008 to 2009, he added, was despite the reduction of NRW to water production of 0.3 per cent in the period.

According to the Malaysia Water Industry Guide 2010, he said, the average NRW in 2009 was 36.63 per cent while the value was higher at 36.93 per cent in 2008.

The losses in volume for 2009, was equivalent to about 1.8 billion cubic metres.

Awer's study revealed that Pahang had recorded the highest percentage of NRW at a whopping 59.9 per cent in 2009 where the total loss of treated water in the state amounted to about 200 million cubic metres.

"However, when compared with total treated water loss in terms of volume, Selangor (including Kuala Lumpur and Putrajaya) recorded the highest at 465 million cubic metres in 2009 although its NRW percentage was 32.49 per cent.

"This is because Selangor produces the highest volume of treated water in Malaysia," he said.

Pahang's NRW, said Piarapakaran, translated to a loss worth RM136.6 million in 2009, while its losses amounted to RM120.1 million in 2008.

In Selangor, its NRW recorded losses of RM582.3 million in 2008 and RM558 million in 2009.

However, Awer's study also claimed that the state recorded the highest NRW saving of RM24.3 million due to its reduction of NRW value from 33.95 per cent in 2008 to 32.49 per cent in 2009. Behind Selangor is Sabah with savings of RM8.2 million and Labuan with 1.03 million.



Water drips from a tap. — Reuters pic