

Importance of Sabah and Sarawak to be regulated under WSIA

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Kuala Lumpur, Apr 14 - The state of Sabah and Sarawak is currently not governed under the Water Services Industry Act 2006 (WSIA). This has placed both of the states in difficulties to further enhance the water services industry. In addition to that, the need to develop almost 40% additional water services infrastructures to cater the demands for rural areas will require a lot of investment. Therefore, Sabah and Sarawak is in need of 'Asset-Light Model' implementation to assist both states to have a good outreach of water services and improve the water quality.

Based on the service performance indicator reported by Malaysia Water Industry Guide 2010, the 2009 water service coverage for rural areas in Sabah and Sarawak are 52.3% and 61.5 % respectively.

Justifications on why Sabah and Sarawak should be regulated:

I. High Capital Expenditure is needed to have wider water supply services coverage. In this case, implementation of 'Asset-Light Model' can assist both state governments to reduce the impact of infrastructure development cost to tariff.

II. Financial burden to the water operators/state government will divert the focus of water operators/state government to improve the services and quality of water supply. Therefore, agencies such as National Water Services Commission (SPAN) and Pengurusan Aset Air Berhad (PAAB) can play vital role to ensure water supply services in Sabah and Sarawak is reliable through 'Asset-Light Model'.

III. With additional 40% increase in water supply coverage in Sabah and Sarawak, the cost of operational and maintenance such as pipe replacement will increase tremendously. It is advisable that the financial burden is transferred to PAAB based on 'Asset-Light Model'.

IV. The people of Sabah and Sarawak have the right to have continuous, safe and reliable water supply with service quality that are same to other states. Therefore, national level regulator like SPAN can assist in ensuring the service and quality of water supply is maintained and reliable.

AWER would like to suggest that the Ministry of Energy, Green Technology and Water (KeTTHA), Economic Planning Unit, Sabah state government and Sarawak state government must conduct a feasibility study on proposal to regulate the water services industry in Sabah and Sarawak through WSIA and implication of 'Asset-Light Model' towards Sabah and Sarawak.

Clear plan and strategy must be outlined to ensure both of the states can catch up with the ongoing national water services industry restructuring process. The Sabah and Sarawak state governments must carry out benchmarking with state water operators to ensure a smooth transition.

Water is basic need, burden to the government needs to be weighed carefully to ensure all level of people enjoy continuous dan clean supply of water.

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