

'End Selangor water tussle'

> Association urges state, federal govts to work together to avoid tariff hikes

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KUALA LUMPUR: The Association of Water and Energy Research Malaysia has urged the Selangor and federal governments to work together to resolve the tussle over water in the state.

Otherwise they risk burdening the public with almost double the tariff hikes in as soon as three years, its president, S. Piarapakaran, said yesterday.

"The two governments need to enforce the Water Services Industry Act 2006 to compel the concessionaries to come to an agreement about the restructuring exercise.

"The ongoing tussle will result in increased liabilities, for example in terms of loans and unpaid debts, by the concessionaries as they continue to operate – the cost of which will eventually be borne by the end-user."

The association has released a report on the Selangor water issue.

Speaking at a press conference here, Piarapakaran said the report analysed the deadlock in the state government's plans to buy back water rights from the four

concessionaries and the cost implications to the consumer.

The state government had, in 2009, proposed to take over the concessions and the assets and hand them over to Pengurusan Aset Air Bhd, a wholly-owned company under the Ministry of Finance Inc.

Consequently, the assets would be leased back to the state as the sole licensed operator.

However, the concessionaries rejected an offer by the state government to take over their assets and concessions for RM5.7 billion on Feb 20 this year.

The concessionaries are Puncak Niaga Sdn Bhd, Syarikat Air Selangor Sdn Bhd, Syarikat Bekalan Air Selangor Sdn Bhd and Konsortium Abass Sdn Bhd.

Under the act, the water industry would operate on the "asset light model" which relieves water operators from financial burden and debt and limits them to operating, maintaining and carrying out water services.

The act prevents any type of concession agreements. Instead, an operation licence will be given to operators under the National Water Services Commission.

The act would also see the commission regulating water operators in quality of service and profit, resulting in efficient water delivery to consumers and tariff hikes of no more than 20%.