

Tuesday, August 1, 2006

Syabas water tariff hike: Govt to review report first

DTHE Government will decide whether to allow Syarikat Bekalan Air Selangor Sdn Bhd (Syabas) to raise water charges after it reviews a report from the Auditor General soon. The report will detail how Syabas has managed to reduce non-revenue water (NRW) for Selangor, Kuala Lumpur and Putrajaya. NRW, which is the difference between water produced and water billed, refers to water lost due to old or broken pipes. Energy, Water and Telecommunications Minister Datuk Seri Dr Lim Keng Yaik said he will then prepare a report to be tabled for the Cabinet to make a decision on a tariff revision.

"We are waiting for the report from the Auditor General. If I prepare the report to the Cabinet, they can decide in two days," Dr Lim said after opening the National Water Conservation Campaign in Kuala Lumpur yesterday. According to Dr Lim, Syabas said that it has met the NRW reduction target as set out in the privatisation agreement. Syabas executive chairman Tan Sri Rozali Ismail said the water concessionaire has successfully reduced the NRW level in the three areas by 5.48 per cent to 37.3 per cent as at the end of last year, beating the mandatory target of 5 per cent. NRW was at an average level of 42.78 per cent when Syabas took over the operations from PUAS Bhd on January 1 2005.

Under the concession agreement, Syabas will be given its first tariff adjustment if it meets the level of NRW required. The reduction in the NRW level is the only key parameter for the company to get its first 15 per cent tariff hike. The tariff hike was supposed to take effect on January 1 2006 under the concession agreement. Syabas has further reduced the level of NRW in Selangor, Kuala Lumpur and Putrajaya to 33.73 per cent as at the end of June. according to Dr Lim, if Syabas has met the required level of NRW but is not given a tariff increase, the company will be paid compensation as set out under the concession agreement. Dr Lim also said that his ministry is taking various measures to reduce the NRW for Malaysia which is at an average of 38 per cent. In fact, there are some states where their NRW stands at more than 50 per cent, he added.

He said the Government has allocated a total of RM8.2 billion for water supply projects under the Ninth Malaysia Plan (9MP) and of that, RM1.4 billion or 17 per cent is for the NRW programme. Dr Lim said that with such efforts, he hopes the level of NRW for Malaysia will be reduced to 30 per cent at the end of the 9MP as targeted.