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letters@nst.com

## Help two states

SABAH and Sarawak are not governed by the Water Services Industry Act 2006. This makes it difficult for both states to enhance their water services industry.

In addition, the need to develop almost 40 per cent additional infrastructure to cater for the demands of rural areas requires a lot of investment.

Therefore, Sabah and Sarawak are in need of a cost-effective, asset-light model to have good water supply and improve quality.

Based on the service performance indicators in the Malaysia Water Industry Guide 2010, water service coverage for rural areas in Sabah and Sarawak in 2009 was 52.3 per cent and 61.5 per cent, respectively.

Sabah and Sarawak should be regulated because:

- High capital expenditure is needed to provide wider water supply services. In this case, the asset-light model can assist both state governments to reduce the impact of infrastructure development cost to tariffs;
- Financial burden to the water operators and state government will detract from their focus on improving services and the quality of the water supply; and,
- With an additional 40 per cent increase in water supply coverage in both states, the cost of operation and maintenance will increase tremendously.

It is advisable to transfer the financial burden to Pengurusan Aset Air Bhd, a holding company for the nation's water assets.

The people of Sabah and Sarawak have the right to safe and reliable water supply.

Therefore, regulators like the National Water Services Commission can assist in ensuring that the services and quality of water supply are maintained.

The Association of Water and Energy Research Malaysia suggests that the federal and state governments conduct a study on regulating the water services industry in Sabah and Sarawak under the asset-light model.

PIARAPAKARAN S., President, Association of Water and Energy Research Malaysia, Puchong, Selangor

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