

STAKEHOLDERS DIALOGUE
ON THE 12TH MALAYSIA PLAN:
WATER SECTOR TRANSFORMATION

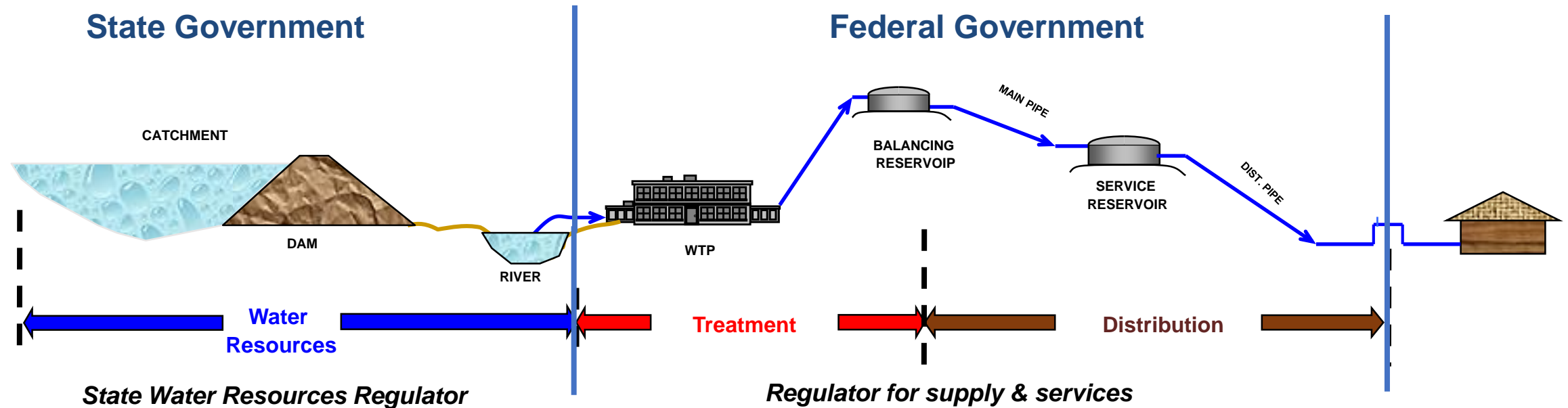
Strengthening the Governance Structure of the Water Sector Reform

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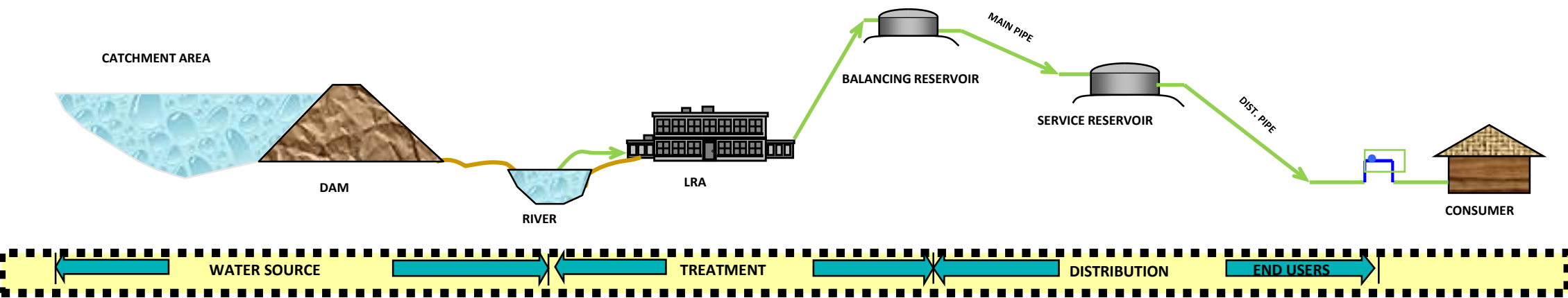
Divide between water resources and water supply



- Water resources allocation
- Abstraction license
- Pollution control

- Predominantly state-run operators
- Regulated by national regulator
- Operated as asset-light entity

Competing interests amongst multi-actors



Interests	Control over water source	State government	Actors
	Agriculture/life stock	Agriculture & Agro-Based	
	Plantation	Primary Industry	
	Power generation	IPP, TNB, MESTECC	
	Water supply	Water, Land & Natural Resources	
	Environment	Dept. of Environment, MESTECC	
	Recreational	Local councils	

Why (water) Reform?

Challenges

**OPEX & CAPEX
constraint**

Low tariff

High NRW

**Ineffective regulatory
oversight**

**Unsustainable industry
structure**

Sustainable water industry

**Asset light
mechanism by
competitive
financing**

**Operators focus
on service
delivery**

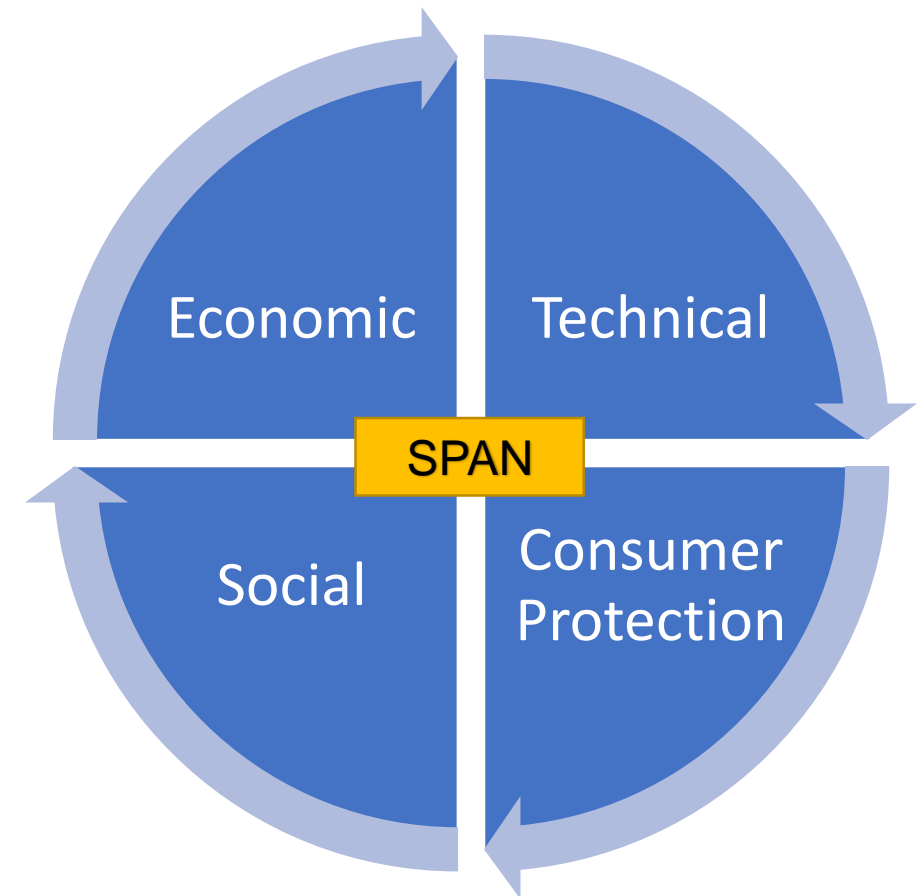
**Water
Supply
Reform**

**Effective
regulatory
oversight via
licensing regime**

**Competitive
tariff structure**

10 National Policy Objectives

- ❑ **Transparent and integrated structure** for water & sewerage services
- ❑ **Long term availability & sustainability** of water supply including the conservation of water
- ❑ Sustainability of **watercourse and water catchment areas**
- ❑ **Competition** to promote economy & efficiency
- ❑ **Financial** self sustainability in the long term
- ❑ Long-term benefits of **consumers**
- ❑ **Affordable services** on an equitable basis
- ❑ **Environment** sustainability
- ❑ Accountability & **governance**
- ❑ **Safety and security** of services



The reform components:

No.	Component	Status
1	Corporatisation of state water departments	Except Labuan
2	Licensing by SPAN	Completed
3	Migration to PAAB's asset-light model	Perlis, Kedah, Pahang, Terengganu

Migration to asset-light model under PAAB

State	Year Completed
Melaka	2008
N. Sembilan & Johor	2009
Perlis	2010 #
P. Pinang	2011
Selangor	2014 *
Kelantan	2016
Selangor	2018 **
Pahang, Kedah, Perlis	2019
Terengganu	???

agreements not enforced yet

* PNSB, ABASS, SYABAS

** SPLASH

As of Oct. 2019	
Loans novated to PAAB	RM 21.6 bil
Approved CAPEX by PAAB	RM 5.1 bil *
Realised CAPEX by PAAB	RM 2.2 bil

* excl. LRAL2 & Labu WTP

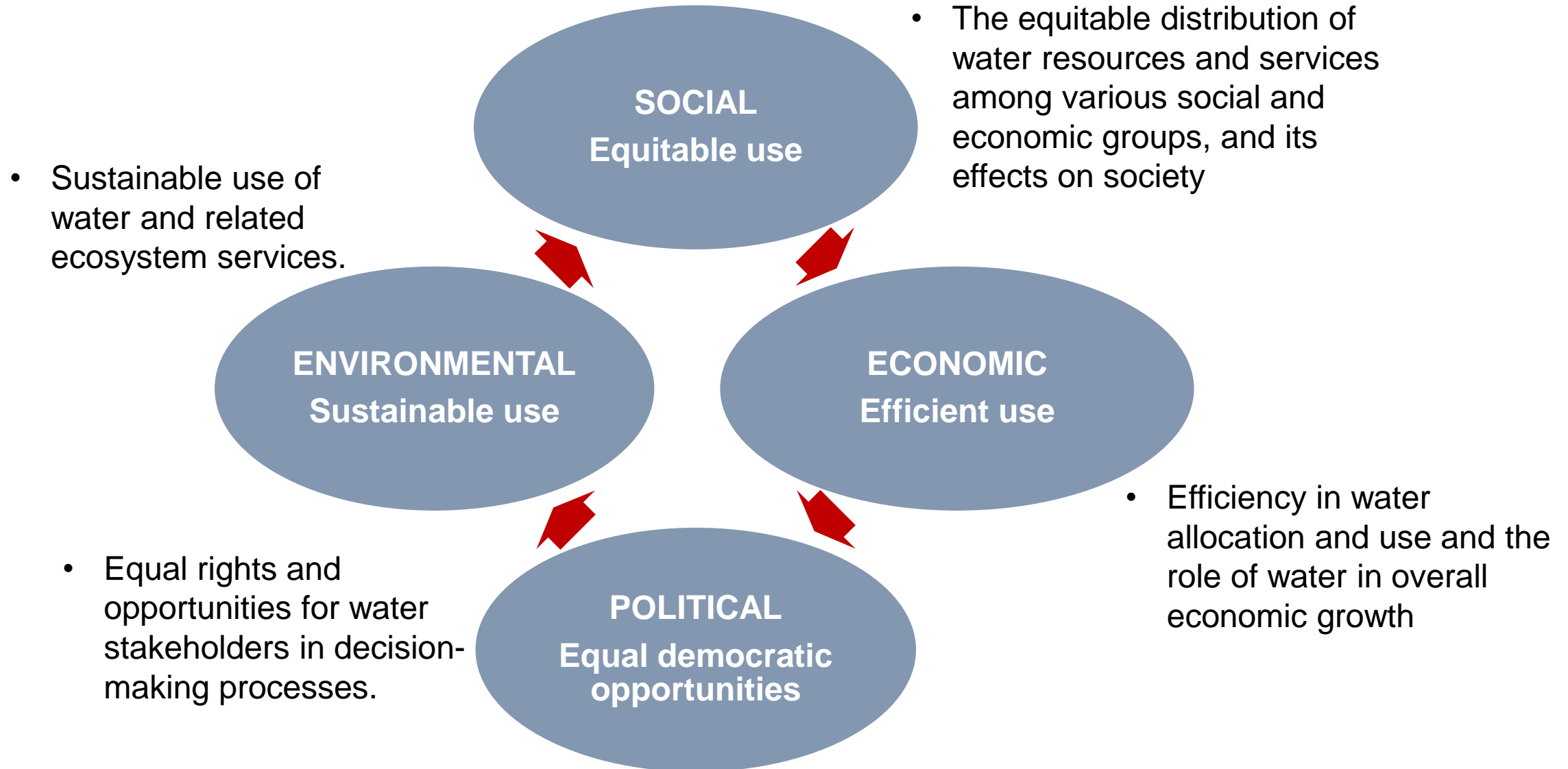
My aspirations:

1. 3-bottom line of sustainability – **people, profit, planet**
2. Water and sewerage **integration**
3. Inject competition – **horizontal, vertical, 3rd party access, comparative regulation**
4. Facilitate greater **PFI & alternative financing**



Thank you

Four Dimensions of Water Governance



Water Sector Transformation in 12 MP

