

PRESS RELEASE

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RM 1.74 BILLION ESTIMATED LOSS OF REVENUE DUE TO NON-REVENUE WATER IN YEAR 2010

Association of Water and Energy Research Malaysia (AWER) has carried out Non-Revenue Water (NRW) modelling study based on year 2010 statistics from Malaysia Water Industry Guide 2011. The NRW percentage shows a drop from 36.63% in year 2009 to 36.37% in year 2010. However, the overall volume of treated water loss has recorded an increase from 1.80 billion cubic meters (m³) in year 2009 to 1.87 billion cubic meters (m³) in year 2010 or equivalent to 3.5% increase.

AWER used lowest tariff for domestic and commercial sectors, consumption percentage for domestic and commercial sectors as well as total volume of NRW as basic parameters for the modelling.

The result of the tabulation is as below:

Total Estimated Loss of Revenue due to NRW		
Year 2008	Year 2009	Year 2010
RM 1,617,358,972.42	RM 1,626,240,834.28	RM 1,744,674,131.76

Total revenue for water sector in year 2010 is RM 4,086,618,000. The estimated loss of revenue due to NRW is almost 42.7% of the total revenue in water services sector. **The sum of estimated revenue loss due to NRW for the year 2008, 2009 and 2010 is a staggering RM 4.99 Billion.**

For volume of NRW losses in year 2010, Selangor records the highest amount followed by Pahang and Sabah. However, when NRW losses is converted into estimated loss of revenue, the highest amount is recorded by Selangor (RM 599 Million) followed by Johor (RM 200.9 Million) and Sabah (RM 175.4 Million). [More details can be seen in Table 1 and Table 2].

AWER is still standing firm on our proposed target of 20% National NRW level by year 2020 as national indicator for water industry set last year. National Water Services Commission (SPAN) have refuted that the 20% target is not achievable and not economical. Unfortunately, there was no calculation or modelling done by SPAN to prove this. Surprisingly, recently SPAN reported that 25% NRW target can be achieved way before 2020. Is the regulator setting an easy target to achieve via ad-hoc basis?

To achieve this 20% NRW value, all water operators must be regulated under Water Services Industry Act 2006 (WSIA). Through this, stricter Key Performance Index (KPI) and a National NRW Reduction Action Plan must be put in place. KPI must also be set for officers in SPAN and Ministry of Energy, Green Technology and Water (KeTTHA) to ensure that the National NRW Reduction Action Plan will be prepared for the whole of Malaysia by mid of 2012. There is no point of having central agencies that pass this work to water operators and wait for results without proper planning.

The action plan must contain the following:

- (i) Detailed targets must be specified for each state with specified time frame;
- (ii) Critical, sub-critical and non-critical areas identification;
- (iii) Detailed technical guideline;
- (iv) Strict Capital Expenditure (Capex) and Operational Expenditure (Opex) Audit for NRW reduction plans;
- (v) Action plan should also be made available for public to view.

AWER urges the state governments that have not transferred to WSIA regime to speed up their process. Delay in restructuring will only delay improvement of water services infrastructures and deny good services to the rakyat. We also urge Sabah and Sarawak to develop a similar framework to improve water services industry there and eventually to be regulated under WSIA.

Malaysia needs to learn to manage NRW holistically. **KeTTHA and SPAN must have a National NRW Reduction Action Plan by 30th June 2012. No more excuses as every drop counts!**

Piarapakaran S.

President

Association of Water and Energy Research Malaysia (AWER)

Table 1: Estimated Cost for Non-Revenue Water by AWER for Year 2008, 2009 and 2010

State	2008		2009		2010	
	Estimated cost for NRW (RM)	Ranking	Estimated cost for NRW (RM)	Ranking	Estimated cost for NRW (RM)	Ranking
Johor	208,723,970.62	2	210,330,186.68	2	200,942,867.00	2
Kedah	116,178,177.60	5	118,016,700.80	5	140,882,636.70	4
Kelantan	39,960,710.40	10	39,665,152.15	11	47,570,766.60	10
Labuan	5,143,500.00	14	4,110,300.00	14	4,041,900.00	14
Melaka	36,319,283.04	11	42,857,985.60	10	38,098,973.84	11
Negeri Sembilan	102,226,991.00	6	108,389,664.24	6	114,047,736.00	6
Penang	23,794,255.20	12	26,568,356.40	12	32,928,804.84	12
Pahang	120,093,842.72	4	136,582,674.96	4	132,854,905.28	5
Perak	90,330,825.60	7	90,442,400.23	7	93,328,496.80	7
Perlis	9,914,314.86	13	11,274,730.64	13	16,027,089.12	13
Sabah	150,600,600.00	3	142,392,600.00	3	175,434,300.00	3
Sarawak	75,515,558.04	8	79,515,015.30	8	86,267,564.60	8
Selangor	582,256,047.36	1	557,987,210.88	1	598,964,961.50	1
Terengganu	56,300,895.98	9	58,107,856.40	9	63,283,129.48	9
TOTAL	1,617,358,972.42		1,626,240,834.28		1,744,674,131.76	

(Note: Ranking is listing from highest to lowest)

Table 2: Volume of Non-Revenue Water (in cubic meters / m³) for Year 2008, 2009 and 2010

State	2008		2009		2010	
	*Volume of NRW (cubic meters / m ³)	Ranking	*Volume of NRW (cubic meters / m ³)	Ranking	*Volume of NRW (cubic meters / m ³)	Ranking
Johor	163,831,000	5	170,914,000	4	160,883,000	5
Kedah	190,581,000	2	192,586,000	3	188,019,000	4
Kelantan	61,568,000	10	60,479,000	10	72,066,000	10
Labuan	5,715,000	14	4,567,000	14	4,491,000	14
Melaka	47,163,000	12	48,060,000	12	42,037,000	12
Negeri Sembilan	122,900,000	6	118,248,000	6	114,690,000	8
Penang	55,387,000	11	63,585,000	11	63,633,000	11
Pahang	177,046,000	3	200,127,000	2	194,962,000	2
Perak	115,785,000	7	116,389,000	7	116,138,000	7
Perlis	16,509,000	13	17,779,000	13	27,592,000	13
Sabah	167,334,000	4	158,214,000	5	194,927,000	3
Sarawak	102,843,000	8	109,305,000	8	120,806,000	6
Selangor	483,184,000	1	465,548,000	1	481,135,000	1
Terengganu	76,034,000	9	78,397,000	9	85,972,000	9
TOTAL	1,785,880,000		1,804,198,000		1,867,351,000	

(*Source: Malaysia Water Industry Guide 2010 & 2011)

(Note: Ranking is listing from highest to lowest)