



**United Nations
Department for Economic and Social Affairs (UNDESA)**

In collaboration with

**Economic and Social Commission
for Asia and the Pacific (UNESCAP)**

**Capacity Building
Workshop on Partnerships for Improving the
Performance of Water Utilities in the Asia and
the Pacific Region
25-27 July 2006
UNCC, Bangkok**

Malaysia's experience

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Assistant General Manager
Ranhill Water Services**



Challenges



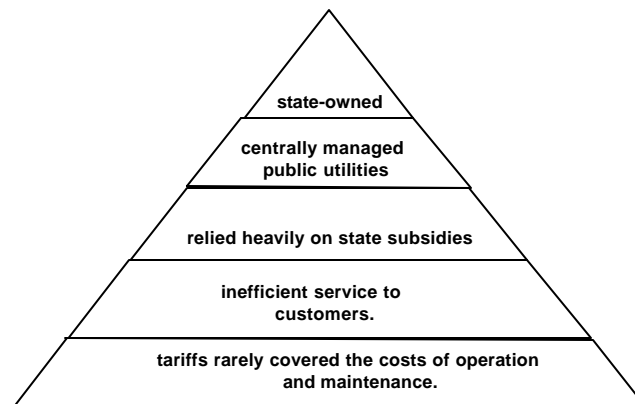
Some of the key challenges that the region faces in expanding access to water supply and sanitation (WSS) are:

- 1 **Rapid urbanization – with urban populations doubling by 2030. (East Asia and the Pacific alone from 665 million today to 1.2 billion)**
- 2 **Huge investment needs -- but few creditworthy borrowers or sources of finance.**
- 3 **Primarily public sector service providers which suffer from poor governance and incentives, with low efficiency in both operations and in the use of existing and planned assets.**
- 4 **Decentralization of WSS responsibilities leading to large numbers of clients with weak capacity.**
- 5 **Weak demand for sanitation - resulting in growing health and environmental challenges.**



Ranhill

State of the water and sanitation services in the region



Ranhill



Malaysia's Experience



2003 statistics shows 87% rural coverage and 98% urban coverage in water supply of 24 mil population.



17 operators in drinking water supply.



Current financial situation for Malaysia's water sector

Parameter	RM Million
Water Supply Revenue	2,950
Operating Costs	(3,764)
Operating Deficit	(814)
Capital Works - Source Works	1,351
Capital Works - Distribution Works	270
Net Deficit	(2,435)

Source MWA, 2003

Net Deficit will impair quality service levels



Johor State Experience



GENERAL INFORMATION



Population – 3.0 million

Area – 19,000 sq. km

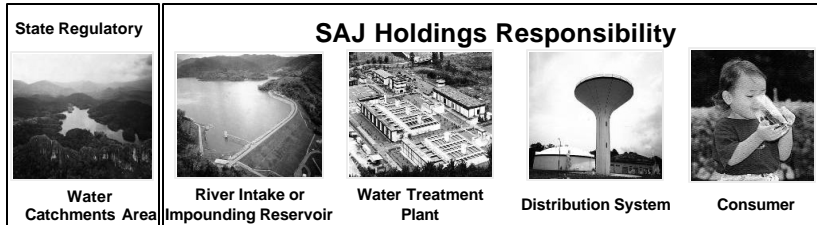
Number of Connections - 790,000

Production Capacity – 1,600 Million Litre per day

Annual Revenue – USD120 million

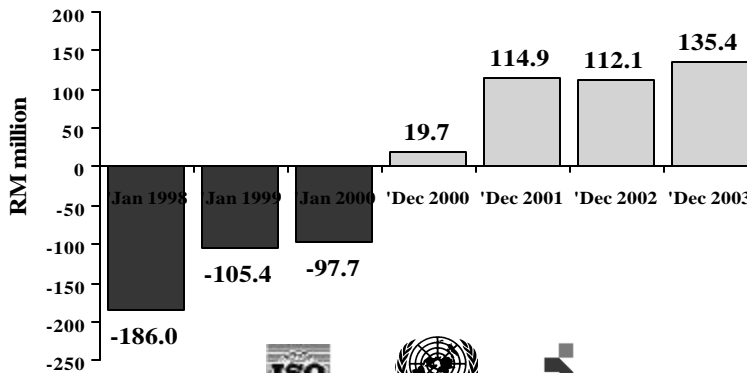
Ranhill Utilities Berhad Operational responsibility

From Source to Tap

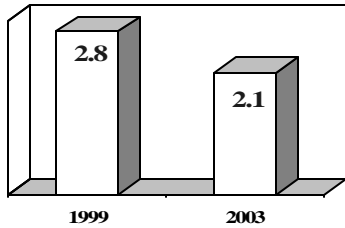


RANHILL UTILITIES BERHAD – Financial turnaround

FINANCIAL PERFORMANCE Profit Before Tax



RANHILL UTILITIES BERHAD
Corporate turnaround
INCREASED PRODUCTIVITY



Number of Employees Per 1000 connections.

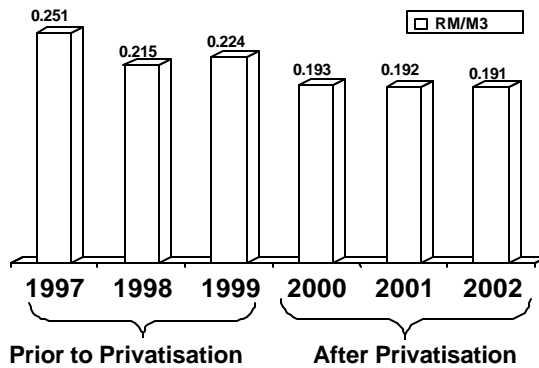
**25 % INCREASE IN PRODUCTIVITY
COMPARED TO 1999**

Benefits from new structure:

- ✓ **Effective monitoring**
- ✓ **Increased productivity**
- ✓ **Reduced overtime**
= reduction of overtime payments approximately 50%
- = savings of RM 3.6 million annually



RANHILL UTILITIES BERHAD
Corporate turnaround
REDUCTION IN PRODUCTION COST



24% reduction



RANHILL UTILITIES BERHAD
Corporate turnaround

NRW Reduction Program

NRW must be looked at from a different perspective where it can provide opportunity for water agencies to improve their level of service.

1.0 Management Effective Water Resource

With water resources getting scarcer, conservation measures such as demand management and loss reduction is a proactive and smart move to preserve the precious resources.

2.0 Asset Management

Water losses in the system is a symptom of asset maintenance neglect. NRW works may assist to initiate systematic water supply system maintenance.



NRW Reduction Program

3.0 Capital Expenditure Deferment

Reducing NRW will defer costly capital expenditure as the current capacity will be relieved of the load due to the loss.

4.0 Operational Cost Reduction

Lowering NRW will bring immediate saving in term of operation costs such as chemicals and pumping costs.

5.0 Improved Revenue

NRW activities will increase revenue from two fronts; rationalization of illegal consumption and improvement in system pressure that increases the water flow to consumers.

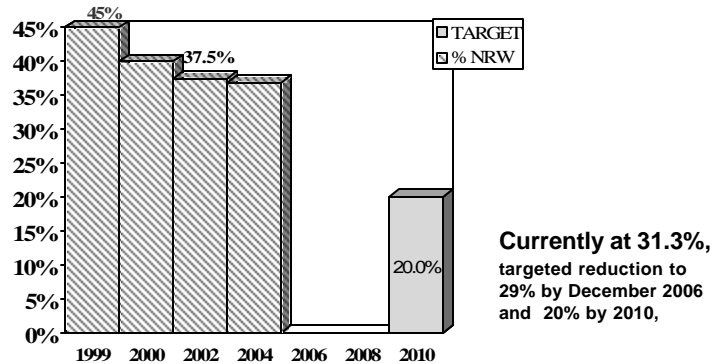
6.0 Improved Customer Service

Reduction in NRW results in many improvements in the service such as more water available, less interruption and better pressure.



**RANHILL UTILITIES BERHAD
Corporate turnaround**

REDUCTION OF NON REVENUE WATER



RANHILL UTILITIES BERHAD

Collaboration with other water utility organization

Participation in ISO TC224 drafting committee.

ISO Series 24510, 24511 and 24512 The series of ISO standard is to assist all related parties, involve in the services of drinking water and waste water, to develop a sustainable services.

RUB together with other Malaysian counterparts together with 20 countries, that is Argentina, Austria, Belgium, Canada, France, Germany, Japan, Republic of Korea, Mexico, Morocco, Netherlands, Norway, Portugal, Russian Federation, Slovakia, South Africa, Spain, United Kingdom and USA. Since 2001 had been actively involved in the drafting of the new standards.

TC224 Ad Hoc committee for Developing Countries had raised concerned on the standards applicability to the developing countries but really hope that it would assist to strengthen the management capabilities.



Partnerships of Water Utilities

From the above Ranhill Utilities experience, it is obvious that a good governance is the key factor for its achievements.

There were very few venues that these experienced could be shared, that the introduction of ISO Series 24510, 24511 and 24512, a management guide, should be accepted as the worlds effort to bring these best practices knowledge to everyone involved in the indus try.

Ranhill Utilities believe that combination of experience and implementation of the new ISO series would enhance efforts to create the world's sustainable water supply and sanitary services.

Ranhill Utilities looks forward to these Partnership effort and will definitely gives support to its formation.



proposed ACTION

- Need to identify management discrepancies of Developing Countries.**
- Identify and partnering with existing organization already are involve in above studies.**
- Formation of Experts Group to proceed with action plan.**
- Secure funds to enable implementation of standards promotion in:**
 - **Organizing of workshops.**
 - **Preparation of simplified Explanatory Handbook to Management Guideline.**
 - **Consultative work to assist Developing Country to adopt ISO Series 24510, 24511 and 24512.**



Conclusion

- ❖ It is obvious that a good governance on water operation is a major contributor for improvement of the water related services.
- ❖ This is achievable by creating a cost effective environment that would contribute to
 - ❑ Its financial independence for its operation.
 - ❑ Reduce funding for development.
 - ❑ Attracts private funding for services development.
- ❖ Introduction of ISO Series 24510, 24511 and 24512 would be a possible tool to catalyst the Millennium Development Goal, and there is a need to assist Developing Countries to immediately adopt these guidelines.
- ❖ Even though tariffs are really influenced by political intervention, having a good governance in operations would reduced unnecessary losses in expenditure.



Thank You

