

Why surrender our water???

Friday 13 October 2006, by [DEVI Letchimi](#) (Date first published: 25 January 2005).

VICTORY IN BOLIVIA AGAINST THE PRIVATISERS!! This is the headline story of Socialist Workers (22/1/2005) who cited "Bolivia three days of militant protest to force the Bolivian government to expel a multinational water company from the country. The water company owned by French multinational Suez Lyonnaise appears to have failed to cater running water for 200,000 people – a quarter of El Alto town. These protestors are also planning to force the government to rescind the fuel price rises as well as getting Electricity Company to reduce its charges".

Will we see similar headlines in Malaysia over the government's intention to privatize water resources? Since the government announced it's intention to privatize water resources and to transfer power for management and supply of water from state to federal government, only a small group of concern citizens and non-governmental organizations submitted memorandum to the federal government to reconsider such move.

Party Socialist Malaysia (PSM) had a discussion on the issue and our position is to completely reject any move to privatize public utilities. We strongly believe that the government has full responsibility to manage public utilities such as water and medical care to ensure that the ordinary people and the poor people in Malaysia has easy access and could benefit from these facilities. The well being of the rakyat cannot be privatized to the profit orientated capitalists.

In a draft paper released by Charles Santiago on Privatization Vs. Public-Public Partnership In Malaysia, he mentioned that by end of 1997, about 96% of urban population and 86% of rural population in Malaysia would have access to public water supply. Nevertheless water shortages and other water related woes are increasing and some of the factors highlighted are environmental degradation, industrial waste, economic activity and pollution of water catchments areas. To overcome the shortage, interstate water transfer were undertaken but it is an expensive affair. The government decided that the best way to process, manage and distribute water resources efficiently is to privatize water!!

Over the years we were silent over many public utilities that has been privatized since the Malaysian government intensively embraced privatization ideology in 1983. More than 457 projects have been privatized. This includes basic amenities like electricity in 1990, sewerage in 1995, telecommunication services in 1990, highway projects between 1996-1998, government hospital services and support services between 1994-2000 (e.g. medical supply, laundry, cleaning services, hospital equipment and facilities maintenance), postal services in 2001 and higher education in 1998. Repeatedly we have observed that privatizations projects gives tremendous profits to the big business owners but to the majority general public it only offers the following:

1. Price increase – price of almost all basic amenities (medical, water, electricity, toll, telecommunication, petroleum, education fees) has increased many folds in recent years. In the last 13 years, water tariff has increased by 82% in the state of Johor since Syarikat Air Johor Holdings Sdn Bhd took over.

2. No Improvement in Service – For example, water rate in Selangor (April 2001) increased from RM0.42 to RM0.57 per cubic meter but the quality of piped water is very poor. Similarly is the solid waste management – many lower income areas with low cost apartments, urban settlement are

continuously facing sanitary problem.

3. Cost Increase – e.g. since privatization of pharmaceuticals and medical supply in 1994, government has to purchase medicines at higher rate (3.2 times higher). Now, the government planning to privatize government hospitals – who do you think will pay for all these and more increases???

Similarly since 3 concession companies took over water production in Selangor, Selangor Water Management Company (PUAS) suffers huge financial deficit as a result of high cost of purchasing water from these producers.

1. Economic Crisis – during 1997-98 economy crisis we observed these companies who were awarded with privatization projects behind closed doors has crumbled down. The government used taxpayers' money and public funds to rescue the big business. Such as RM1.1 billion to renationalize sewerage services, 1.7 billion to reacquire Malaysia Airlines (MAS), RM5.3 billion to bail out 2 urban light-rail transit and RM0.9 to continue with the halt Bakun Dam project.

It's obvious that the government is once again taking the poor and ordinary people of Malaysia for ride by planning to grant a 30-year concession for water services in Klang Valley to Puncak Niaga Holdings as part of MYR50 billion government program to improve water and sewage services. This is seen as a test case for future water concession awards. Does this mean that once the water management is centralized, the government would generously award it to Puncak Niaga or some other crony?

What is the guarantee that centralization and privatization of water management would not lead to more debts and increase in water tariff, when the government itself publicly announced that they can't guarantee the increase in water tariff and the fact that state government's in Peninsula owe the federal government RM7.5 billion is because majority of the current concessionaires agreement provides automatic tariff hike or bulk supply rate, and compensation to the water operator if the government does not agree to the tariff hike. **What is the assurance that during forthcoming recession, the new private owners would be stable and will not jeopardize water supply to the entire nation???**

One of the best alternatives that the government should considers is the model from Perbadanan Bekalan Air Pulau Pinang (PBA), which is under the state and public control. Record shows that Penang enjoys one of the lowest water rates in the country and PBA recorded highest profits (40 to 50 million) among all the water providers in the country. More important, water is accessible 24 hours a day and reaches about 99% of Penang population. PBA also attained 99% billing and collection efficiency and it is also the only state, which provides an interest free loan of RM1, 000 to poor communities for purposes of connection.

Privatization of water supply in one of our neighboring country, Manila where water giant Ondeo (Suez) is quoted has announced to pull out after six years of running the water supply. This company has failed to supply water for more than 400,000 people under its concession.

The Government would definitely tell us that they have no intention of privatizing water. Are we to believe this assurance? Are we to believe that the Badawi Administration and the Barisan National Government would indeed fight and challenge neo-liberal pressures and stand by the people. History has taught us how Malaysians have lost control of major public utilities over the years.

PSM forecasts three domestic battles in the coming years. The privatization of water , hospitals and the introduction of GST. All three would be anti-people measures and we need to fight on, if we want

to safeguard what is little left.

As such Party Socialist Malaysia completely rejects privatization of any public utilities because it has negative impacts on communities especially the lower income group who would be further marginalized and denied access to the very basic need of water. Water, a natural resource belongs to all living on the earth; we should never let it to be owned by the capitalist, as it is our human right.

Prepared by

Letchimi Devi

Party Socialist Malaysia.

P.S.

* From Parti Sosialis Malaysia (PSM) website. This brief article was prepared in 25 January 2005 and is being released on 14 February 2005.