

SURAT KHABAR	THE STAR (STAR BIZ)		
TARIKH	18/12/2018	MUKA SURAT	5
JABATAN	IWK		
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Advertorial

Contextualising IWK's role in Real Estate Developments

THE number of development in the country has been rapidly growing as Malaysia's property market outlook continues to remain stable and healthy in the coming years. Before these development projects are carried out, many processes are involved which require attention from the property developers, i.e. from the acquisition of permits, to payment of contributions and the final fitness for occupation.

One such contribution is in the form of Sewerage Capital Contribution (SCC) into a Government Trust Fund applied by the National Water Services Commission (SPAN) to any development for direct connections into an existing central sewerage system. The SCC funds go directly into a Government Trust Fund, purely established for sewerage works under Section 172 of Water Services Industry Act (WSIA). There is a special committee set up by the Commission to manage the utilisation of these funds for priority sewerage work improvements which is scrutinised by the Government. This policy has been introduced by the Government since 1996 (some 20 years back) in an effort to improve and increase the connectivity of properties into centralised sewerage systems and to minimise the number of direct discharge into Malaysian waterways.

According to Ir. Mohd Haniffa Abdul Hamid, Chief Operating Officer of Indah Water Konsortium, "Before the development is determined whether they need to contribute to the Trust Fund,



IWK men at work doing maintenance

they follow a set of processes in order for them to obtain sewerage planning approval. The developer first appoints a qualified person, who is registered with Board of Engineers Malaysia (BEM) or SPAN to do submissions to the Sewerage Certifying Agency for approval of sewerage works. There are standard procedures, of which the main is the Planning, Design and Construction (PDC) Rules. This covers the processes of planning submission, design, notification of start work and inspections. When they develop a real estate that connects to the public sewerage system, the developer is required to contribute to the SCC Trust Fund."

"In this scenario, Indah Water

oper does not have to worry over the costs for construction of their own sewerage treatment plant including setting aside a piece of land area for the construction of sewerage treatment plant. Instead, the government facilitates the construction of the sewerage infrastructure to cater for the increased capacity of the respective developments.

The current levy for the SCC on developers is 1% of the market property value. There is a great benefit for both the developer and new property owners as opposed to building the entire stand-alone multipoint sewerage system. In contrast, property developers may have to pay higher if the entire sewerage system is a multipoint system in comparison to a connection charge of 1%.

On the other hand, developers who construct specific buildings such as low cost housing, places of worship, government schools, community and charitable buildings will enjoy a discounted SCC rate. Developers for low cost housing and government schools connected to existing public sewer pay RM1,000 per development whereas developers for places of worship, community and charitable buildings pay RM100 only for each project.

"There is no real 'incremental significance' cost due to the SCC in driving the increase for property prices. Overall, this brings benefit to the environment, as it becomes a controlled sewerage development and developers do not have to set



Ir Mohd Haniffa Abdul Hamid, Chief Operating Officer

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aside valuable piece of land for a multipoint sewerage treatment plant. At the same time, Indah Water, with its 25 years of track record in operating and maintaining over 7,000 sewerage treatment plants will be made responsible to efficiently operate and maintain the public sewerage systems. IWK has consistently produced effluent quality that will continue to ensure clean environment and provide healthy living to Malaysians," continues Ir. Mohd Haniffa.