



The Reliable Performance of Public Water Services in Indonesia

The main purpose of privatization of water services in Jakarta, as stated in the title of the cooperation agreement with private operators, is to improve water services. Private operators are given a sole right to deliver water services with high expectations that they have expertise, funds, and other resources to improve water services. However, after more than fifteen years of privatization, Jakarta water services are still far from satisfactory.

The private operators keep failing to meet performance targets. The important targets, such as service coverage ratio and leakage level, are most of the time not met. Customers complain about tap water outage that can last for days. The low service coverage ratio makes a lot of people, who do not receive water services, buy water from vendors with much higher price. Jakarta is the portrait of the failure of privatization in water services.

In sharp contrast to Jakarta water services, a number of water utilities in Indonesia that are still managed by the public, in the sense that they still belong to the government and do not involve private sector in service delivery, recorded a performance that far better than the water services in Jakarta. It shows that in water services, the management of the public is proved better and more efficient than the private ones.

Water services in cities such as Surabaya, Palembang, Banjarmasin, Medan, and Malang, which are fully managed by the public, show good performance and at the same time with lower water tariff.

The closest comparison to Jakarta is Surabaya. Surabaya is the second largest city in Indonesia, with characteristics quite similar to Jakarta: dense population, high economic activity, and wide service area, which means the demand for clean water is high. However, while Jakarta's service

Table: Comparison of water utilities performance in several cities

	Water Utilities	Average water tariff	Leakage Level (%)	Service Coverage (%)
1	Surabaya	2.800	34	87
2	Palembang	3.800	30	93
3	Banjarmasin	4.120	26	Nearly 100
4	Medan	2.300	27	69
5	Malang	4.000	30	84
6	Jakarta	7.800	45	46

coverage ratio is only 46%, Surabaya's water utility can reach twice as much, which is 87 percent.

Service coverage ratio is the ratio of the number of connections by the number of population. It is one of the important indicators that show how a water utility can expand within its service area in a municipality. With 46% of service coverage ratio, it means that water services in Jakarta can only reach less than half of the population.

In 2013, Surabaya water utility was awarded by Indonesian Water Supply Association (Perpamsi) as the best water utility in the category of water utilities over 200,000 connections, which should also be the category for private water operators in Jakarta. Last year, Surabaya water utility's service coverage ratio even increased to 90 percent.

With such good performance, average water tariffs in Surabaya is only Rp2,800/m³, very much lower compared to Jakarta, which is Rp7,800/m³. Jakarta and Surabaya's living cost only differ as much as 20%, but the fact that Surabaya's average water tariff is 65% lower indicates that the water tariff in Jakarta is overpriced. Even with such high tariff, Jakarta water utility is still suffering from financial shortfall that in 2011 alone amounted Rp610 billion, and will continue to increase as the private operators continue to demand a higher water charge.

In terms of service coverage ratio, Banjarmasin water utility is far superior to other water utilities as it reaches nearly 100 percent. In addition, its leakage level is only

26 percent. The leakage level, or Unaccounted for Water (UfW), does not only affect the quantity of water received by the customer, but also the efficiency of production. The lower the leakage level is, the more efficient the water utility is, and it means the better performance.

In Jakarta, the private water operators keep proposing target reduction in leakage level (which means to increase the number of percentage), which in 2013 became as high as 38.68 per cent, yet they still fail to meet it.

Overall, the table shows that in comparison with five other water utilities, which are managed by the public, the performance of privatized Jakarta water utility is the worst. Jakarta water utility has the lowest service coverage ratio and the highest leakage level. With such poor performance, Jakarta applies the highest water tariff.

This is concrete evidence that the management of public water services is superior to that of private management. Poor performance yet high tariff is the characteristic of services delivered by the private. Private operators are inherently profit-oriented. It is not surprising that they prioritize more on business profit (can be seen from the expensive water tariff) and barely committed to provide a good service for the public.

The data in the table provides a simple fact: privatization has failed, and the public water service is superior to the private. There is no reason for Jakarta to defend its privatized water services.

Endnotes

¹ http://perpamsi.or.id/news_detail.php?id=714

² http://pdam-sby.go.id/page.php?get=jumlah_pelanggan_tahunan&bhs=1

³ <http://www.beritasatu.com/makro/158457-biaya-hidup-di-jakarta-rp-75-jutabulan.html>

⁴ <http://www.jpnn.com/read/2013/12/30/208221/Hampir-40-Ribu-Warga-Jakarta-Keluhkan-Air-Mati->