



GUIDELINE ON ANNUAL INDIVIDUAL LICENCE FEE COMPUTATION

[SPAN/EKS(PT)/511-1/1(1)]

25 MARCH 2015

1. Purpose

- 1.1 The purpose of the Guideline is to provide a guide to licensees on the computation of the annual Individual Licence Fees.

2. The Legal Framework

- 2.1 Part IV of the Water Services Industry (Licensing) Regulations 2007 (Regulations) provides for payment of a licence fee on the award of an Individual Licence while such a licence is in force. Once a licence is awarded, the licensee should pay an annual licence fee to Suruhanjaya Perkhidmatan Air Negara (SPAN).

- 2.2 The manner the annual licence fee to be paid is as follows:-

- a) On the first anniversary of the licence and annually thereafter, the annual individual licence fee shall be based on the audited accounts of the individual licensee; or
- b) If the audited accounts have not been finalized on or before the first anniversary or subsequent anniversaries, the annual individual licence fees shall be based on the unaudited accounts of the individual licensee provided that within six (6) months after the first anniversary or subsequent anniversary, an adjustment shall be made to the annual licence fees based on the audited accounts of the individual licensee.

- 2.3 Part IV of the Regulations also provides that the amount of annual licence fee to be paid is 1% of the gross turnover of the preceding financial year [please refer to Appendix 1].

3. Computation of the Annual Individual Licence Fee

3.1 Gross turnover is the revenue derived from the principal activities of the licensee, i.e. its **regulated water services activities**. Regulated water services activities are defined as those activities authorized by the licence. In general, regulated activities are the “functions of” and the “duties imposed on” a Licensee by the Water Services Industry Act 2006 (WSIA). Hence, regulated service activities are those activities that are necessary in order for a Licensee to fulfill its functions and duties. The scope of the individual licence issued under Section 9 of the WSIA sets out the specific regulated water activities that a Licensee can conduct as follows:-

- a) Water Distribution Services – to distribute and supply of water to consumers;
- b) Water Supply Services – treatment of water abstracted from watercourses and the distribution and supply of treated water to consumers and includes the operation and maintenance of the water supply system;
- c) Water Treatment Services – to undertake water treatment;
- d) Sewerage Services – the collection, conveyance, treatment and disposal of sewage or sewage sludge, and includes the operation and maintenance of a sewerage system and the desludging of septic tanks;
- e) Owning a public water supply system or any part of the system; and
- f) Owning a public sewerage system or any part of the system.

3.2 For the purposes of computing the annual individual licence fees set out under this Guideline, unless otherwise stated, the gross turnover comprises:

- a) Tariff Revenue for Domestic and Non-Domestic
- b) Tariff Compensation
- c) Other Water Revenue
 - Fee for installation of meters
 - External reticulation system test, inspection and approval fees
 - Disconnection and reconnection of water supply charges
 - Constant flow valve testing charges
 - Other revenues earned from the rendering of other water services deemed as 'Other Water Revenue' by SPAN
- d) Other Sewerage Revenue
 - Charges for responsive services
 - Charges for project management
 - Certifying agency fee
 - Other revenues earned from the rendering of other sewerage services deemed as 'Other Sewerage Revenue' by SPAN
- e) Bulk sales
 - Treated Water Bulk Sales - operator
 - Treated Water Bulk Sales – consumer
 - Interstate Bulk Sales

4. Submission and Payment

- 4.1 An individual licensee shall submit the annual individual licence fee computation form as in Appendix 2 together with the financial statements¹ within 60 days from the anniversary of the licence to:

¹ Refers to either audited financial statements, unaudited financial statements, audited regulatory accounts or unaudited regulatory accounts

The Chief Executive Officer
Suruhanjaya Perkhidmatan Air Negara
Ground Floor, Prima Avenue, Block 3510
Jalan Teknokrat 6
63000 Cyberjaya
Selangor Darul Ehsan

SPAN may require relevant or additional information to be submitted as deems fit and necessary.

- 4.2 An invoice for such annual fee shall be issued by SPAN within 14 days from the date of receipt of the completed annual individual licence fee computation form with the financial statement.
- 4.3 An individual licensee shall pay the annual individual licence fee as soon as reasonably practicable and in any event **no later than 30 days** from the date of invoice issued by SPAN. All payments must be made payable to “SURUHANJAYA PERKHIDMATAN AIR NEGARA” and must be in the form of a banker’s draft, cheque or electronic fund transfer.
- 4.4 An official receipt will be issued by SPAN upon receipt of such annual fee payment.
- 4.5 If an unaudited financial statements has been submitted with the annual fee computation form, the individual licensee shall submit to SPAN the audited financial statements within 14 days from the issuance of the audited financial statements and in any event not later than 6 months from the anniversary of the licence for purpose of adjustment to the annual licence fees based on the audited financial statements.
- 4.6 A debit note or credit note, if applicable will be issued by SPAN within 14 days from the receipt of the audited financial statements.

5. General

- 5.1 SPAN reserves its rights to allow for any variation from the computation of the annual licence fee from time to time, as it deems fit.
- 5.2. All licensees must comply with the requirements of WSIA at all times. In addition, all licensees must comply with all relevant provisions in the laws and the licensing conditions for each type of regulated water services activities.
- 5.3 A licensee and its directors are ultimately responsible for all information provided. As such, licensee is expected to have in place the necessary policies and procedures to ensure that the information submitted whether on its behalf, or on behalf of its representatives and/or key personnel, are true and accurate.

6. Effective Date

- 6.1 The Guideline [*SPAN/EKS(PT)/511-1/1(1)*] dated 25 March 2015 shall supersede the Explanatory Note [*SPAN/EKS/(PT)/800-7/3-1/09*] dated 27 February 2009 which shall be deemed to be no longer applicable.
- 6.2 The Guideline shall come into effect immediately and shall be applicable to annual individual licence fee computation for the financial year 2014 and thereon.

25 March 2015

APPENDIX 1

TABLE B
ANNUAL INDIVIDUAL LICENCE FEES

Type	Nature	Annual Individual Licence Fee
Facilities Licence only		1% of the gross turnover of the preceding financial year
Service Licence only	Water Distribution Only Water Treatment only Sewerage Services only Water Treatment and Distribution Water Treatment, Distribution and Sewerage Services Water Distribution and Sewerage Services	1% of the gross turnover of the preceding financial year
Facilities Licence and Service Licence held by the same entity		1% of the gross turnover of the preceding financial year

APPENDIX 2

ANNUAL INDIVIDUAL LICENCE FEE COMPUTATION FORM

Example

[LETTERHEAD]

DATE:

PAYMENT OF ANNUAL LICENCE FEE

NAME: _____

Details of Gross Turnover for Licensee X
For Financial Year Ending XXX

	RM
Gross Turnover]
(a) Tariff Revenue for Domestic]
(b) Tariff Revenue for Non-Domestic]
(c) Tariff Compensation]
(d) Other Water Revenue]
▪ Fee for installation of meters;]
▪ External reticulation system test, inspection and approval fees;]
▪ Disconnection and reconnection of water supply charges]
▪ Constant flow valve testing charges]
▪ Other revenues earned from the rendering of other water services which may also be deemed as 'Other Water Revenue' by SPAN]
	B
(e) Other Sewerage Revenue]
▪ Charges for responsive services]
▪ Charges for project management]
▪ Certifying agency fee]
▪ Other revenues earned from the rendering of other sewerage services which may also be deemed as 'Other Sewerage Revenue' by SPAN]
]
(f) Bulk sales]
▪ Treated Water Bulk Sales - operator]
▪ Treated Water Bulk Sales – consumer]
▪ Interstate Bulk Sales]
]
Total Gross Turnover	Summation of B = Y
Annual Licence Fee: 1% of Total Gross Turnover (Y)	Z