



Penang also plans to reduce water subsidies - chief minister

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Penang Chief Minister Chow Kon Yeow revealed today that the state's proposal for a water tariff review also includes plans to reduce its water subsidy.

The proposal, submitted by Penang Water Supply Corporation (PBAPP) to the National Water Services Commission (Span), aims to reduce domestic water subsidies and increase revenue from trade consumption to fund planned water supply engineering projects, he said at a press conference in Bayan Baru today.

"Kindly note that in the proposal, PBAPP will continue to subsidise domestic water consumption in Penang. However, the amount of the subsidy will be less," he assured.

In explaining the reasons behind the proposal, the chief minister said that Penang's average domestic tariff of RM0.32 per 1,000 litres is the lowest in Malaysia because it is "heavily subsidised".

Chow said that in 2017, the domestic water subsidies sustained by PBAPP amounted to RM79.6 million while for 2018, the estimated amount is RM83.6 million.

"RM163.2 million in subsidies for the past two years is not sustainable," Chow told reporters after attending a Christmas and New Year lunch do at the Penang Development Corporation.

"It is not sustainable because PBAPP needs sufficient funding to undertake the various water supply engineering projects, from 2019 to 2021," he added.

These projects include:

- 1200mm Butterworth-Penang Island Twin Submarine Pipeline
- (3rd Submarine Pipeline);
- Sungai Perak Raw Water Transfer Scheme (SPRWTS);
- Upgrading of all existing water treatment plants, reservoirs and pumping stations;
- Laying new pipelines/replacement pipelines; and
- Non-revenue water (NRW) Management.

"All these projects are aimed at ensuring water supply sustainability and security in Penang, as well as (to ensure there is) no water rationing towards 2050," Chow added.

The chief minister was responding to criticism from the opposition following his announcement that Penang would increase its water price by about 10 to 20 percent, subject to discussion with the federal government.

In justifying the price hike, Chow had also cited the need to fund water-related projects. Chow reminded Penangites that the state's average domestic tariff for the first 35,000 litres of domestic consumption is RM0.32 per 1,000 litres, or 116 percent below the national average of RM0.69 per 1,000 litres.

He noted that outside of Penang, the average tariff for this category of domestic consumption ranges from RM0.52 per 1,000 litres in Terengganu to RM1.31 per 1,000 litres in Johor.

"This means that Johoreans are paying 310 percent more than Penangites for the first 35,000 litres of domestic water consumption per month," Chow pointed out.

"In Penang, PBAPP does not plan to implement water rationing.

"We plan to avoid water rationing for the benefit of 1.76 million people and all the businesses that operate in Penang," Chow reiterated.

"We are not going to simply increase the rates, it is also subject to approval by the federal government," he stressed.