

## Water subsidy reduction in Penang to enable infrastructure development

16 JAN 2019 / 08:43 H.



GEORGE TOWN (Jan 15): The soon-to-be-implemented water subsidy reduction in Penang is to provide for water infrastructure development, Chief Minister Chow Kon Yeow said today.

He said the State government expected a reduction of water subsidy of between 20 and 30 per cent to be given to the Penang Water Supply Corporation Sdn Bhd (PBAPP).

“PBAPP currently receives a subsidy in the region of RM80 million to RM81 million per year. So, if the subsidy is given, it will help reduce PBAPP’s financial burden in carrying out the infrastructure development.

“If the subsidy is converted to funds for infrastructure development to ensure that supply and water resources are adequate, clean and without rationing, then that is the opportunity cost that we need to shoulder,” he told reporters after attending a Christmas and New Year celebration at the Penang Development Corporation here.

Chow said that based on that, he hoped that consumers in the State would understand the reasons given by PBAPP, which had no intention of raising the tariff rates for no reason.

“We hope all consumers understand that this is not an excuse by PBAPP. We are not raising the tariff rates just like that. The matter (the increase) is also subject to the Federal Government and the Cabinet approving our application.

“We can ask, but the National Water Services Commission (SPAN) and Ministry will consider what are the expenses needed for our infra work, what is the burden on consumers when the rate is increased,” he said. Chow said the water tariff in the State was the lowest in Malaysia, at just 32 sen for every 1,000 litres due to the high subsidy.

Therefore, he said, the water subsidy of RM163.2 million for two years in 2017 and 2018 was not sustainable as PBAPP needed sufficient funds to implement water supply engineering projects for the 2019-2021 period.

Yesterday, Chow announced that PBAPP would use the additional revenue from the increased water tariff to finance water projects in the State.

The five major projects identified by PBAPP are the 1,200mm Butterworth-Penang Island Twin Submarine Pipeline (3rd Submarine Pipeline), Sungai Perak Raw Water Transfer Scheme, upgrading of all existing water treatment plants, reservoirs and pumping stations, and replacing and installing new pipelines.

Last Wednesday, Chow announced that the water tariff rates in Penang would increase by about 20 per cent this year in line with the efforts by the Federal government to restructure the water supply services industry in the country.