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Press Statement by Ir. Jaseni Maidinsa,
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PENANG TARIFF REVIEW TO REDUCE PER CAPITA CONSUMPTION TO 260 L/C/D

PENANG, Tuesday, 31/3/2015: The Penang water tariff review 2015 is a water demand initiative aimed at reducing Penang's per capita domestic consumption so as to avoid water rationing.

Perbadanan Bekalan Air Pulau Pinang Sdn Bhd (PBAPP) would like to reiterate Penang's per capita domestic consumption is the highest in Malaysia.

The per capita consumption for Penang was 293 litres/capita/day (l/c/d) in 2014 as compared to the national average of 210 l/c/d in 2013.

The target is to reduce our per capita consumption to 260 l/c/d as soon as possible.

The last tariff review in Penang that involved reviewing domestic tariffs was in 2001.

- Since 2001, Penang's population has increased by 34% from 1.23 million people in 2001 to 1.65 million people in 2014.
- Since 2001, water consumption in Penang has increased by 39% from 589 million litres a day (MLD) in 2001 to 813 MLD in 2014.
- Since 2001, per capita domestic consumption has increased by 11.8%, from 262 litres/capita/day (l/c/d) in 2001 to 293 l/c/d for 2014.

PBAPP statistics show that domestic consumption accounts for 59% of total water consumption in 2014.

In 2014, the Penang State Government issued a directive to PBAPP to “avoid water rationing at all costs” when water rationing was implemented in Kuala Lumpur, Putrajaya, Selangor as well as in some districts in Perak, Negri Sembilan and Johor.

In 2015, Negri Sembilan and Johor had to implement water rationing due to water shortages while certain parts of Selangor experienced water interruptions due to contaminated raw water sources during the recent dry season.

There was no rationing in Penang in 2014 and 2015 to date. It is PBAPP’s responsibility to ensure that there is no rationing in Penang in the future.

RATIONALES OF THE PENANG WATER TARIFF REVIEW 2015

In view of all these factors, PBAPP submitted a tariff review proposal in July 2014 to the National Water Services Commission (SPAN) and KeTTHA.

The Federal Government approved and gazetted this tariff review for implementation from 15th February 2015. PBAPP is implementing the review from 1st April 2015.

The rationales for the review are:

- Penang has to reduce per capita domestic consumption, which accounts for 59% of total water consumption, to avoid water rationing in this age of climate change;
- Penang also has to manage trade consumption, which accounts for 41% of total water consumption, so as to ensure water sufficiency for further economic growth, and to avoid disruptions to business incomes and the livelihoods of 1.65 million people;
- PBAPP has to manage water demand effectively and efficiently for the benefit of Penang; and
- PBAPP has to avoid water rationing in Penang at all costs, as per the directive of the State Government.

SECOND TARIFF REVIEW SINCE 2008

PBAPP would like to clarify an incorrect allegation raised by Penang MCA Liaison Committee Chairman Datin Paduka Chew Mei Fun in media reports that *“Penang water tariffs were raised at least 3 times in 7 years.”*

This allegation is untrue and incorrect.

There was only one previous review in 2010. The 2010 review only involved reviewing trade tariffs to cross-subsidise Penang’s low domestic tariffs. Domestic tariffs were not reviewed in 2010.

In 2010, PBAPP also introduced the Water Conservation Surcharge (WCS) in Penang. However, this WCS only affects domestic water consumers who use more than 35,000 litres per month.

In 2013, the WCS was reviewed from RM0.24 per 1,000 litres to RM0.48 per 1,000 litres, only for consumption above 35,000 litres per month. Again, this WCS review only affects domestic water consumers who use more than 35,000 litres per month.

The WCS should not be confused with a tariff review because domestic consumers can avoid the WCS if they use less than 35,000 litres per month.

More than 7 out of 10 (75.3%) domestic households in Penang use less than 35,000 litres per month.

DOMESTIC WATER TARIFFS IN PENANG ARE “CHEAP” FOR THE MAJORITY OF HOUSEHOLDS

From 1st April 2015, more than 7 out of 10 (75.3%) domestic households in Penang will be billed RM11.30 or less per month for water supply. Their bi-monthly water bill (issued once every two months) will be RM22.60 or less.

Please note that RM11.30 is much less than what the majority of Penang households would pay monthly for electricity, petrol, telephone, mobile phone, Internet access and satellite TV bills.

PBAPP is sustaining Penang's average domestic water tariff to be at RM0.32 per 1,000 litres, for consumption up to 35,000 litres per month, via subsidies for 484,118 domestic consumers.

RM0.32 per 1,000 litres is less than half of the national average of RM0.66 per 1,000 litres in 2013.

In other words, the majority of Penang households are paying less than half of the amount that average Malaysian households pay for water supply monthly.

Sustaining such a low average domestic tariff is our corporate social responsibility for the benefit of all Penangites, especially the lower income group.

Thank You.

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