

16.1.2019

## PRESS STATEMENT

by YAB Tuan Chow Kon Yeow  
Chief Minister of Penang

## **PENANG DOMESTIC WATER TARIFFS: ONLY 1 REVIEW SINCE 2008**

PENANG, Wednesday, 16.1.2019: Domestic water tariffs in Penang were reviewed only once in period the 2008 – 2017.

- In 2010, Perbadanan Bekalan Air Pulau Pinang Sdn Bhd (PBAPP) introduced the water conservation surcharge (WCS), at RM0.24 per 1,000 litres, only for domestic consumption above 35,000 litres per month. In 2010, PBAPP also implemented a trade tariff review but domestic tariffs were NOT reviewed.
- In 2013, PBAPP reviewed the WCS from RM0.24 per 1,000 litres to RM0.48 per 1,000 litres. There was no trade or domestic tariff review.
- In 2015, PBAPP implemented a water tariff review that affected domestic and trade water consumers.

### **WCS and the Reduction of Per Capita Domestic Consumption**

The introduction and review of the WCS cannot be regarded as a domestic water tariff review, due to the following reasons:

1. The WCS is aimed at reducing Penang's per capita domestic consumption. Since its introduction in 2010 and review in 2013, it has served this purpose.

*Please refer to "Appendix A: WCS, Water Tariff Reviews and the Impact on Per Capita Domestic Water Consumption in Penang"*

2. 77% of Penang's domestic water consumers who use less than 35,000 litres per month do NOT pay the WCS. The WCS only affects 23% of domestic water consumers in Penang who use more than 35,000 litres per month.

3. Unlike a domestic tariff review, the WCS is avoidable. Domestic water consumers may avoid paying the WCS at any time, by reducing their water consumption to less than 35,000 litres per month.
4. Households with 8 persons or more may apply for the WCS60 rebate that offers a 60% rebate off the WCS.

### **Key Rationale for PBAPP's Tariff Review Application**

PBAPP is applying for a water tariff review in Penang because:

- PBAPP is planning to invest RM501 million in water supply projects in the period 2019 - 2021. These projects include new Butterworth-Penang Twin Submarine Pipeline, the Sungai Perak Raw Water Transfer Scheme, upgrading of all existing water supply facilities and the laying of new pipelines and replacement pipelines.
- Water subsidies in Penang for 2017 and 2018 amounted to RM163.2 million. This level of subsidy is not sustainable and must be reduced to free up funds for important water supply projects.
- Penang's water demand is projected to increase from 826 million litres per day (MLD) in 2017 to 1,884 MLD in 2050. PBAPP must upgrade and optimise its water supply infrastructure to avoid future water shortages.
- In this age of climate change, PBAPP must minimise the risks of water rationing in a state with limited raw water resources.

As at January 2019, PBAPP is able to meet all of Penang's water supply needs. However, as a responsible water supply operator, PBAPP has to plan and act to ensure water supply sustainability and security for the future.

Thank You.



**PBA**

Perbadanan Bekalan Air  
Pulau Pinang Sdn Bhd  
(475961-X)

Memenuhi segala keperluan bekalan air anda  
Meeting all your water supply needs

**APPENDIX A:  
WCS, 2015 WATER TARIFF REVIEW AND THE IMPACT ON  
PER CAPITA DOMESTIC WATER CONSUMPTION IN PENANG.**

