

PBA Holdings expects uncertain prospects pending water tariff review approval

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GEORGE TOWN, June 22 -- PBA Holdings Bhd expects uncertainty on its prospects will continue to rise with the growing population, pending federal government approval of a water tariff review for the highly-subsidised domestic consumption.

Chairman, Chow Kon Yeow said PBA Holdings, which generated operational revenue from the sale of treated water in Penang by its subsidiary Perbadanan Bekalan Air Pulau Pinang Sdn Bhd (PBAPP), is awaiting approval for a 2019 water tariff review application submitted by PBAPP to the National Water Services Commission (SPAN).

“PBAPP is not the only Malaysian water operator which was compelled to submit a water tariff review proposal to SPAN recently as SPAN has conducted public consultation exercises for other proposed water tariff reviews in Kelantan, Terengganu, Pahang, Selangor, Labuan, Kedah, Perak, Melaka, Negeri Sembilan and Johor in the period 2019 to 2021.

“The primary objective for PBAPP’s tariff review application is to raise sufficient funds for its proposed water supply projects to mitigate Penang’s raw water risks and address its future water demand,” he said in a statement after PBA virtual 21st Annual General Meeting (AGM) today.

Chow said within Penang’s existing water tariff structure, domestic tariffs are significantly lower than trade tariffs whereby domestic consumers in Penang paid an average of 32 sen per 1,000 litres for the first 35,000 litres per month while trade consumers paid an average of RM1.36 per 1,000 litres for the first 500,000 litres per month.

He said in short, PBAPP was compelled to bill less for marginally higher water consumption in Penang in 2020 and accordingly, PBA Holdings’ net profit fell to RM24.76 million in 2020 from RM25.15 million in 2019.

“PBAPP’s domestic water subsidy to sustain low domestic water tariffs amounted to RM95.35 million in 2020 while PBA Holdings’ net profit was RM24.76 million.

“Nevertheless, it should be noted that PBA Holdings scored a creditable financial performance in 2020 and continued to reward its shareholders with declaration of a single tier final dividend of one sen per share for the financial year 2020,” he added.