

Admin

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PBAHB AGM: Final single-tier dividend of 1 sen per share for the 2021 financial year

A FINAL single-tier dividend of 1 sen per share was approved for 7,942 shareholders of the PBA Holdings Berhad (PBAHB) today.

Chief Minister Chow Kon Yeow said the total payout would amount to RM3.31 million.

“PBAHB has been paying dividends annually since 2002,” he said in a statement after attending the 22nd PBAHB annual general meeting (AGM), which was held virtually, today.

PBAHB also announced that it recorded a profit after tax (PAT) of RM36.74 million for its 2021 financial year

“The increase in PAT amounted to RM11.98 million, or 48.4%, year-on-year. For the 2020 financial year, PBAHB had reported a PAT of RM24.76 million.

“The higher PAT recorded in 2021 is primarily due to a deferred tax benefit of about RM9 million earned by Penang Water Supply Corporation (PBAPP).

“It is related to the utilisation of unabsorbed ‘reinvestment allowances’ (RA) of about RM78 million in 2021, as compared to about RM12 million in 2020,” Chow, who is also the PBAHB and PBAPP chairman, said.

On Feb 27, 2020, the Federal Government announced the ‘Economic Stimulus Package’ (under P.U.(A) 268) where companies are eligible to claim ‘Accelerated Capital Allowance’ comprising of Initial Allowance (20%) and Annual Allowance (40%) on the Capital Expenditure incurred for Machinery & Equipment including Information & Technology (ICT) equipment from March 1, 2020, to Dec 31, 2020, by the business.

According to the Inland Revenue Board (IRB) ruling, Chow said that PBAPP would have exhausted its ‘unabsorbed capital allowance’ carried forward within the next few years, resulting in an increase in the utilisation of unabsorbed RA.

“In short, PBAHB is reporting a higher PAT for 2021 mainly due to the recognition of deferred tax benefits realisable in future years,” he added.

There was also no water tariff review in the state in the year under review (2021). The water supply industry in Malaysia is regulated by the Federal Government.

Every water tariff review for every state in Peninsular Malaysia is subject to Federal Government approval before it is gazetted as law in compliance with the Water Services Industry Act 2006 (WSIA 2006).

In July and December 2020, the Ministry of Environment and Water (Kasa) announced that all water tariff review proposals in Malaysia had been put on hold because of the negative socioeconomic effects of the Covid-19 pandemic.

Chow said, consequently, PBAPP had to bear a domestic water subsidy which amounted to RM97.3 million in 2021.



“This domestic water subsidy was incurred because Penang’s average water tariff for the first 35,000 litres per month was RM0.32 per 1,000 litres.

“This is the cheapest average domestic water tariff being charged in Malaysia.

“Essentially, this means that PBAPP subsidised every one of Penang’s 571,219 registered domestic consumers for water consumption of up to 35,000 litres per month in 2021,” he said.

Chow added that while Penang’s domestic water subsidy is people-friendly, it is not sustainable.

“It has escalated per capita domestic consumption in Penang by 27 litres/capita/day (LCD), or 9.6% in two years, from 281 LCD in 2019 to 308 LCD in 2021.

“It has also increased the need for new water supply infrastructure to support higher water demand in Penang and affected water supply services in the state to the extent that PBAPP now must tackle water supply issues in some areas in south Seberang Perai,” he said.

In a related matter, Chow said the PBAPP, as the licensed water supply operator for Penang, submitted its 5th Business Plan to the National Water Services Commission (SPAN) on March 30. It is a SPAN requirement for licensing.

Chow said PBAPP, in the business plan, outlined the need for a tariff review in Penang soon.

“The tariff review is required because PBAPP needs to raise more funds for more new water supply projects.

“This is to avoid an outspread of water supply issues in the state arising from rapidly rising water demand.

“A PAT of RM36.74 million a year is not enough. The investment required for a single water supply project may run into hundreds of millions of ringgit.

“PBAPP is liaising with SPAN to secure approval for its business plan and the accompanying water tariff review.

“Any water tariff review in Penang is subject to approval by the Federal Government,” Chow reiterated.

Story by Christopher Tan