

8-7-2025

Penang to delay water tariff hike by six months



GEORGE TOWN: The Penang government plans to delay the implementation of a proposed water tariff revision by at least six months, a move that is expected to cost the Penang Water Supply Corporation (PBAPP) RM40 million.

Chief Minister Chow Kon Yeow said the National Water Services Commission had submitted a proposal to revise water tariffs and is awaiting cabinet approval before it could be gazetted for implementation in several states, including Penang.

"We are not looking to implement the new tariff early next year. Instead, we hope to defer it until the middle of next year.

"This move will cost PBAPP RM40 million," he said after launching PBAPP's inaugural RM5 billion Islamic medium-term notes (IMTN) programme (sukuk wakalah) here today.

PBAPP marked its collaboration with Maybank Investment Bank Bhd and United Overseas Bank (Malaysia), which have been appointed as joint principal advisers, joint lead arrangers and joint lead managers for the sukuk programme.

The IMTN Programme is based on the Shariah-compliant sukuk wakalah structure, and positions PBAPP to raise medium to long-term financing through the Malaysian capital markets in a sustainable and scalable manner.

The proceeds of the sukuk wakalah will be used to support:

- * PBAPP's Water Contingency Plan 2030, with a projected investment value of RM2.099 billion;
- * Broader capital expenditure, operating expenditure and refinancing needs, and
- * Other eligible green and social initiatives under the sustainable finance framework.

Chow said while the sukuk programme size was capped at RM5 billion, PBAPP intended to issue sukuk progressively, aligned with actual project requirements.

"The sukuk programme serves as a strategic war chest for PBAPP, offering a flexible and scalable funding platform to support long-term infrastructure plans.

"The initial issuance in 2025 will be significantly below the programme limit, tailored to near-term investment needs."

The sukuk programme has received an AAA/Stable credit rating — the highest in Malaysia — from RAM Rating Services Bhd.

PBAPP's Sustainable Finance Framework, meanwhile, was awarded a Gold Sustainable Finance rating by RAM Sustainability Sdn Bhd.

Chow said: "This initiative marks a significant milestone in PBAPP's efforts to future-proof Penang's water supply infrastructure amid rising demand and climate-related challenges."