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Proposal to delay water tariff hike will cost Penang govt RM40mil, says CM



GEORGE TOWN: The Penang Water Supply Corporation's (PBAPP) plan to delay water tariff increases by six months will cost the state government RM40mil, says Chief Minister Chow Kon Yeow.

Chow, who is also PBAPP chairman, said the decision reflected the state's commitment to easing financial burdens on the people while continuing to invest in critical water infrastructure.

"We do not want to implement it early next year; we hope to delay it to the middle of next year," he told a press conference on Tuesday (July 8) after the launch of PBAPP's new RM5bil Islamic Medium-Term Notes (IMTN) Programme.

Chow said IMTN represents an alternative funding avenue, opening up opportunities for investors to fund necessary water projects and help subsidise tariffs.

He said PBAPP should not be judged solely on tariff rates, adding that the corporation is actively working to enhance efficiency, reduce operational costs, and implement essential infrastructure upgrades.

These include booster pump stations and expanded pipe distribution networks, he added.

Acknowledging the limitations of internal funding and cost-cutting, he said, PBAPP is tapping into private financing initiatives and working with Pengurusan Aset Air Berhad (PAAB) to fund large-scale projects.

He said these efforts aim to ensure that PBAPP does not have to raise capital on its own.

Under a leaseback model with PAAB, selected water infrastructure projects will be financed and repaid over a 30- to 45-year period.

One such project is the Mengkuang Water Treatment Plant, which is being financed through sukuk issuance to cover contractor payments.

Based on the Syariah-compliant Sukuk Wakalah structure, it will allow PBAPP to raise medium to long-term financing through Malaysian capital markets.