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PBAPP to raise RM1bil via sukuk for key water projects, says Chow

The Penang chief minister says this will help the state complete important projects for its water security.



GEORGE TOWN:

The Penang Water Supply Corporation (PBAPP) will raise RM1 billion through a sukuk to help fund major projects under its Water Contingency Plan 2030 (WCP 2030), says chief minister Chow Kon Yeow.

Chow, the PBAPP chairman, said this was necessary to raise enough funds for the projects, which were important for the state's long-term water security.

"We are working on obtaining the sukuk, which will be announced shortly," he said after PBAPP's parent company PBA Holdings Bhd's (PBAHB) 25th annual general meeting.

Chow said while PBAPP was on the right track, Penang's growing population and limited water supply meant that the state had to act quickly.

"All these efforts are to buy time until the Perak-Penang water transfer is ready, which may take another four to five years," he said.

Chow said despite PBAHB posting a record net profit of RM167 million in 2024, its highest in 26 years, the amount was not enough to support the capital works planned under WCP 2030. PBAPP, the operational arm of PBAHB, aims to invest over RM2 billion to build six projects to meet Penang's rising water demand.

Chow said two of these were being financed by Pengurusan Aset Air Bhd (PAAB), although the rest required significant funding. Separately, he also confirmed that a proposed water tariff hike was under federal review.

He said the National Water Services Commission had presented the proposed review and was now awaiting Cabinet approval and consent for the various states to implement it according to their schedules.

Chow said PBAPP was also exploring new water sources to reduce dependence on Sungai Muda, Penang's only major raw water supply which supplies 80% of the water used by Penangites.

He said if the Perak-Penang water project was delayed, PBAPP had lined up several alternatives, including tapping the Mengkuang dam, building a water treatment plant at Sungai Kerian, and constructing a new facility to treat the brackish water from Sungai Prai.

"We are building retention ponds, expanding treatment plants, and increasing our water yield from multiple sources," he said.

Chow said work was also ongoing at Sungai Muda, where the federal government is upgrading a barrage and canal system to bring more water out of Mengkuang dam, which does not have a water treatment plant and functions as a reserve dam.

PBAPP CEO K Pathmanathan said Sungai Prai's water would be treated using a dual-phase system involving pre-treatment and conventional processing.

"We will also mix it with fresh water stored in reservoirs to reduce costs," he said, adding that the project is expected to begin operations in two years.

PBAHB also reported a drop in non-revenue water to 26.9% in Q1 this year, down from 28% in 2024. Pathmanathan said the numbers were better now as ageing meters and pipelines were being replaced.

More than 40% of the company's meters are outdated, and PAAB has approved RM155 million for pipe replacements.