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Penang To Proceed With New Water Tariff, Vital For Supply Sufficiency - Chow



BUTTERWORTH, July 17 (Bernama) -- Penang will not delay the implementation of the new water tariff that came into effect on July 1 any further, despite calls for a postponement, Chief Minister Chow Kon Yeow said.

He said the decision has been carefully considered, including deferring for nearly a year, even though the new tariff structure set by the Federal Government through the National Water Services Commission (SPAN) was supposed to be implemented on July 30, 2025.

"The state government had decided to defer the implementation of the new tariff until July 1 this year to give consumers more time, although it could have been enforced since August last year," he told reporters during the Jelajah CM Chow programme at the Bagan Dalam state constituency here today.

He said the additional revenue from the new tariff, estimated at around RM20 million annually, is crucial to help the Penang Water Supply Corporation (PBAPP) finance various projects to strengthen the state's water supply.

Chow said PBAPP requires substantial capital expenditure for water supply security projects totaling nearly RM2 billion, apart from the water supply project from Perak that will also require investments in the billions of ringgit.

He said the water tariff-setting mechanism is determined by SPAN and adopted by all states, with water operators allowed to apply for tariff reviews every three years based on operating costs and development needs.

Chow added that domestic consumers in Penang still enjoy lower tariff rates than the actual cost of water production, as they are cross-subsidised by non-domestic users such as the industrial and commercial sectors.

"The actual cost of supplying water has exceeded RM1 per cubic metre, but with the new rate, domestic consumers pay only about 65 sen. Industrial and commercial users pay more and indirectly subsidise domestic consumers," he said.

Yesterday, Bagan Member of Parliament Lim Guan Eng, in a letter posted on his Facebook account, appealed to the state government to consider postponing the 20 sen per cubic metre tariff increase for a year.

Meanwhile, PBAPP chief executive officer Datuk K. Pathmanathan said the new water rates must be implemented to raise funds for urgent water supply projects to ensure water supply sufficiency in Penang, and further postponement would delay funding for the Water Contingency Plan 2030 (WCP 2030).

He said from July 1, about 82 per cent of Penang households consuming 35 cubic metres or less of water per month would pay a maximum of RM0.08 more per day, or RM2.55 more per month, while business consumers using 500 cubic metres per month would pay an additional RM2.59 per day, or RM77.70 per month.

"Additional revenue will fund water supply initiatives under the WCP 2030, including the construction of new water treatment plants at Mengkuang Dam and Sungai Perai, land acquisition and upgrading works at the Sungai Dua Water Treatment Plant, land acquisition for the Sungai Muda Water Treatment Plant, and the Macallum-Bukit Dumbar pipeline," he said.