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Don't be misled by claims that water tariff hikes can be delayed, PBAPP says

Penang Water Supply Corporation says it had to launch a sukuk programme to help finance the remaining six Water Contingency Plan projects.



GEORGE TOWN:

The Penang Water Supply Corporation (PBAPP) today cautioned the public against being misled by claims that the water supply operator could defer raising water tariffs by a year.

PBAPP said that its annual profits are presently insufficient to fund the remaining six Water Contingency Plan 2030 projects, which cost a total of RM2.1 billion.

In a statement, PBAPP said the lack of funds led it to launch a RM5 billion sukuk programme in July last year to help finance these projects.

Yesterday, former chief minister Lim Guan Eng pleaded with his successor Chow Kon Yeow to defer the water tariff hike, which took effect this month, citing an additional financial burden for Penangites.

Lim said the state government's rationale that the tariff hike was necessary to cover additional construction and replacement costs, as well as water infrastructure repair, was unconvincing.

The Air Putih assemblyman also claimed that PBAPP's pre-tax profit for the first three months of 2026, amounting to RM49.6 million, was far greater than the additional revenue from the RM20 million water tariff increase.

Lim said from a financial perspective, PBAPP could "survive for a year" while waiting for the water tariff increase next year, and that if the concessionaire urgently needed RM20 million, the state government could apply for a grant or loan from the federal government.

But PBAPP today said that even the federal government gazetted new water rates for 10 states in the peninsula and Labuan on July 30 last year.

PBAPP also said that reasonable new water rates must be implemented in Penang to raise funds for urgent water supply projects in the state.

It reiterated that the profit PBAPP would earn from the tariff hike would be reinvested in the state to improve its water supply infrastructure.

"PBAPP must ensure that taps do not run dry in 2030 at all costs, as our state continues to progress towards a brighter future."