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PBAPP: New water tariffs essential to avert future shortages

GEORGE TOWN: Penang's revised water tariffs are necessary to fund urgent water supply projects and prevent future shortages as demand continues to grow, Penang Water Supply Corporation (PBAPP) said.

PBAPP chief executive officer Datuk K. Pathmanathan said additional revenue from the revised tariffs, which took effect on July 1, would be channelled towards critical projects under the Water Contingency Plan 2030 (WCP 2030).

He said about 82 per cent of Penang households consuming 35m^3 or less of water a month would pay a maximum of RM2.55 more monthly, or about eight sen a day.

Business consumers using 500m^3 of water a month would pay an additional RM77.70, or RM2.59 a day.

"The additional cost is a reasonable price to ensure Penang has sufficient water supply infrastructure to support continued socio-economic growth," he said today.

His statement came in the wake of Bagan member of parliament Lim Guan Eng's letter to Chief Minister Chow Kon Yeow urging the state government to postpone the tariff increase by another year.

Lim argued that the projected RM20 million in additional annual revenue would make only a limited contribution towards the billions of ringgit required for water infrastructure, and suggested the state seek federal grants or loans instead.

Pathmanathan said the projects to be funded include the construction of the new 114 million litres per day (MLD) Mengkuang Park Water Treatment Plant (WTP), land acquisition for the 136MLD Sungai Prai WTP, upgrades to the 1,342MLD Sungai Dua WTP, the proposed Sungai Muda WTP, and the Macallum-Bukit Dumbar pipeline.

"Delaying the tariff revision further will postpone funding for these projects and increase the risk of water shortages before 2030," he said.

Responding to calls to defer the tariff hike, Pathmanathan said claims that PBAPP could wait another year or rely solely on federal funding were misleading.

He said the federal government was already undertaking five raw water resource projects in Penang worth an estimated RM838 million, while expanding treated water capacity remained the responsibility of state water operators.

He added that PBAPP's RM5 billion sukuk programme, launched last year, was necessary because annual profits alone were insufficient to finance the estimated RM2.1 billion required for the remaining WCP 2030 projects.

Pathmanathan said Penang's gross domestic product (GDP) grew by 7.3 per cent from RM121.4 billion in 2024 to RM130.3 billion in 2025, while the state's GDP per capita reached RM80,584, or 36.2 per cent above the national average.

Despite this, he said Penang continued to have among the country's lowest water tariffs, with domestic consumers paying an average of RM0.93 per m^3 for the first 35m^3 and non-domestic consumers RM2.28 per m^3 for the first 500m^3.

Pathmanathan said the revised tariffs are expected to generate an additional RM20 million in annual profit, which would be reinvested in water infrastructure.

He said PBA Holdings Bhd (PBAHB) had allocated about 87 per cent of its RM114.5 million profit after tax for 2025 as capital expenditure for water supply projects this year, with the balance mainly distributed as dividends.

He said Penang's water demand is projected to increase from 865MLD in 2025 to at least 1,162MLD by 2032, driven by industrial expansion, new property developments and major projects such as Batu Kawan Industrial Park 3 and Silicon Island.