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Media Release

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FEDERAL GOVERNMENT SETS THE TIMING OF WATER TARIFF REVIEWS IN MALAYSIA

- **PBAPP applied to SPAN for a water tariff review in 2019. SPAN decided to conduct a public consultation in 2021.**
- **All water tariff reviews proposals for all Malaysian states are subject to approval by the Federal Government.**

PENANG, Friday, 28.5.2021: The Penang State Government and Perbadanan Bekalan Air Pulau Pinang Sdn Bhd (PBAPP) do not set the timing of a water tariff review in Penang.

The timing and implementation of all water tariff reviews in Malaysia are subject to approval by the Federal Government.

In a reported published by *The Star* dated 26.5.2021, MCA vice-president Datuk Tan Teik Cheng was quoted as saying “the Penang State Government should shelve plans to increase water tariffs.”

PBAPP would like to clarify the following:

- The Penang State Government does not apply for water tariff reviews. As the licensed water operator that serves Penang, PBAPP submitted a water tariff review application to SPAN.
- PBAPP applied to SPAN for a tariff review two years ago in 2019, to meet SPAN requirements for renewal of License to operate in 2020 – 2022.
- SPAN decided to conduct a public consultation exercise on PBAPP’s tariff review application in 2021. In the interest of transparency, PBAPP revealed that it had posted an online link on

www.pba.com.my, in relation to this public consultation exercise.

- PBAPP's 2019 application was in compliance with a SPAN directive that requires all water operators in Malaysia to set reasonable tariffs in accordance with SPAN's Tariff Setting Mechanism (TSM) formula.
- In 2021, SPAN is also conducting public consultation exercises relating to proposed tariff reviews in Kedah, Perak, Melaka, Negri Sembilan and Johor.
- In 2019 and 2020, SPAN had conducted similar public consultation exercises in relation to proposed tariff reviews in Kelantan, Terengganu, Pahang, Selangor and FT Labuan.
- After all the public consultation exercises are completed, SPAN will present its recommendations on all proposed water tariff reviews to the to the Ministry of Environment and Water (KASA).
- KASA will then table its recommendations to the Malaysian Cabinet for approval.
- As and when the Cabinet gives its approval, the KASA Minister will gazette the new approved tariffs for implementation by the water operators.

Please take note that on 21.7.2020 when Parliament was in session, the KASA Minister announced that the Federal government will not approve any water tariff review in view of the Covid-19 pandemic.

Hence, it is very clear that no water tariff review will be approved until the Covid-19 pandemic is resolved. PBAPP can only implement the new water tariffs after the KASA Minister obtains the approval from the Cabinet.

Based on these facts, the MCA should rightfully direct their comments and feedback to the Federal Government. They should note that there is more than one tariff review proposal (involving more than one state) that will be tabled for approval by Federal Government.

Existing Penang domestic tariffs are the lowest in Malaysia

Datuk Tan was also quoted in The Star reports as stating that: “In just 10 years of DAP’s governance of the Pearl of the Orient, water prices have jumped by four times,, which is more than a 20% increase.”

This statement is not true.

In the period 2008 - 2020, there were 2 water tariff reviews in Penang: in 2010 and 2015.

1. In the 2010 water tariff review, trade tariffs were reviewed but domestic tariffs were NOT reviewed. Instead, PBAPP introduced the Water Conservation Surcharge (WCS). However, the WCS only applies to excessive domestic consumption above 35,000 litres per month. Until today, more than 70% of Penang’s domestic water consumers do not pay the WCS.
2. In the 2015 review, both domestic and trade tariffs were reviewed.

Regardless of the number of tariff reviews in Penang since 2008, please note the following facts and figures:

- Penang’s existing average domestic tariff for the first 35,000 litres per month is RM0.32 per 1,000 litres, the lowest in Malaysia. The national average is RM0.71 per 1,000 litres. (*Please refer to Appendix A*).
- Penang’s existing average trade tariff for the first 500,000 litres per month is RM1.36, the 3rd lowest in Malaysia. The national average is RM1.87 (*Please refer to Appendix B*).

Thank You.

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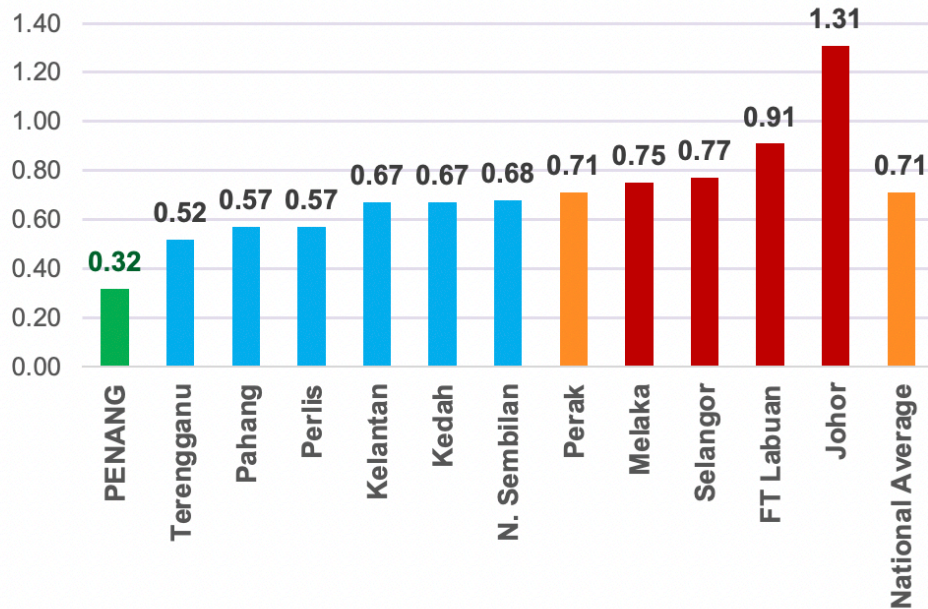


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APPENDIX A: Comparison of Domestic Water Tariffs in Malaysia (RM per 1,000 litres for the first 35,000 litres per month)



APPENDIX B: Comparison of Trade Water Tariffs in Malaysia (RM per 1,000 litres for the first 500,000 litres per month)

