PERBADANAN BEKALAN AIR PULAU PINANG SDN BHD
GENERAL FREQUENTLY ASKED QUESTIONS (FAQ) FOR WATER SUPPLY TARIFF ADJUSTMENTS UNDER THE TARIFF SETTING MECHANISM [TSM]

No	Question	Answer
1.	What is the new water tariff rate for each state after the water supply tariff adjustment is implemented?	The new water tariff rates for each state can be referred to in the Water Services Industry (Water Supply Service Rates) Regulations (Amendment) 2025 of each respective state, available at SPAN's website: https://www.span.gov.my/article/view/peraturan
2.	When will the new water tariff rates come into effect?	The new water tariff rates will take effect starting 1 August 2025, except in Penang. In Penang, the new water tariff rates will come into effect from 1 July 2026.
3.	How is the application and approval process for water supply tariff adjustments made?	The application and approval process for water supply tariff adjustments is as follows: i. The water operator, with the consent of the State Government, submits an application for tariff adjustment to SPAN for review and verification. ii. SPAN recommends the proposed tariff adjustment to the Minister of Energy Transition and Water Transformation (PETRA) for consideration and approval. iii. The proposal is then presented at the Cabinet Meeting for approval, as it involves an increase in the cost of living.

<table>
<tr><td>4.</td><td>Why is it necessary to implement water supply tariff adjustments?</td><td>Water supply tariff adjustments need to be implemented for the following purposes:
i. To Improve Service Quality
a. Ensuring the public receives treated water of quality standards set by the Ministry of Health (MOH).
b. Covering costs of energy, chemicals, maintenance, and customer service.

ii. To Meet Water Supply Demand
a. Addressing annual demand growth (2–6%) via the construction of new water treatment plants (WTPs).
b. Supporting national development growth.

iii. To Upgrade & Rehabilitate Aging Assets
a. Upgrading/repairing water assets, addressing 98 out of 350 WTPs operating above design capacity and 120 with operational issues.
b. Replacing old pipes and repairing leaks to reduce non-revenue water (NRW).

iv. To Address Climate Change Challenges
a. Minimizing disruptions during droughts/floods.
b. Ensuring operators remain prepared for climate challenges.</td></tr>
<tr><td>5.</td><td>Who will be affected by the implementation of the water supply tariff adjustment, which will take effect from 1 August 2025?</td><td>The implementation of the water supply tariff adjustment will involve all categories of consumers as below:
i. Domestic (Individual Meter) - Water supply through individual meters or parcel meters to residential premises or residential units
ii. Non-Domestic - Commercial premises, industrial premises, trading premises, business premises, government premises, schools, institutions of higher learning, hospitals, water processing enterprises (including water kiosks), plantations, and orchards
iii. Domestic (Bulk Meter) - Water supply through bulk meters to high-rise residential buildings, gated communities, residential premises, residential units, estate quarters, and government quarters</td></tr>
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		iv. Houses of Worship and Welfare Institutions - Houses of worship whose construction is approved by the government under any written law or whose operation is approved by the relevant religious body recognized by the government to grant approval for houses of worship. v. A charitable institution registered with the Department of Social Welfare, granted tax exemption by the Inland Revenue Board of Malaysia, or recognised by the government as a charitable institution. vi. Shipping - Water supply for use on board ships berthed in ports vii. Data Centre (New Category under TSM Tariff Structure) - Premises used specifically to centrally house information and communication technology equipment and infrastructure to manage data, including storing, collecting, processing, or distributing data. Note: 1. For Penang State, the category of Houses of Worship, Welfare Institutions, and Charitable Institutions does not affect consumers because the tariff remains unchanged. 2. Details of water supply tariff adjustments for each state can be referred to through the Water Services Industry (Water Supply Service Rates) (Amendment) Regulations 2025, which can also be accessed on the SPAN website, namely https://www.span.gov.my/article/view/peraturan
6.	What is the water supply tariff adjustment rate for each state?	i. Average increase: **RM 0.23**/m^3 **(Domestic)** and **RM 0.76 cents/m^3 (Non-Domestic)** in Peninsular Malaysia & Labuan. ii. Domestic users (20m^3/month) → bill increase RM0.00–RM3.20/month (RM0.00–RM0.11/day) iii. Non-Domestic users (35m^3/month) → bill increase RM4.90–RM39.55/month (RM0.16–RM1.32/day). iv. Consumers can use online bill calculators on PBAPP's website to get an estimate of their water bill under the latest tariff.

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<tr><td>7.</td><td>What is the average new water tariff and the average cost for providing water supply services by water operators to consumers?</td><td>The new national average tariff is RM2.21/m³ while the average cost of providing water services is RM2.43/m³.

The TP2 adjustment still does not cover the full costs. Adjustments will be phased to avoid burdening consumers.</td></tr>
<tr><td>8.</td><td>Why does the TP2 water supply tariff adjustment need to be implemented when the water supply tariff adjustment for the first implementation period (TP1) has just been implemented on 1 February 2024?</td><td>i. TP1 was delayed: Non-Domestic (Aug 2022), Domestic (Feb 2024). This caused water operators' income to be insufficient to cover the overall cost of water supply services.
Note: Penang State implemented Non-Domestic on 1 January 2023.
ii. TP2 (2025) is required to cover costs for the next three years (2026–2028) under TSM.
iii. Staggered adjustments reduce the burden from sudden sharp tariff hikes.</td></tr>
<tr><td>9.</td><td>Are water tariff rates the same for all states?</td><td>No. Tariffs differ across states due to varying service costs, infrastructure needs, debts, and liabilities of operators.</td></tr>
<tr><td>10.</td><td>What concepts are used in setting water supply tariffs?</td><td>Water supply tariffs in Peninsular Malaysia and WP Labuan are set based on the TSM developed by SPAN. Water supply tariff adjustments are based on the implementation period, with the latest tariff adjustment being for TP2. The following is the concept of TSM:

<table><tr><td>What</td><td>An instrument used to set fair and transparent tariffs for the water services industry with a tariff setting method with a uniform tariff structure and frequency of review.</td></tr><tr><td>How</td><td>a. Standardization of the existing water tariff structure into main categories, namely Domestic (Individual Meter) and Non-Domestic, as well as special categories, namely Houses of Worship and Welfare Institutions, Domestic (Bulk Meter), Shipping, and Data Centres;</td></tr></table></td></tr>
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<td>b. Standardization of tariff cost components that need to be accommodated by each category and usage band;
c. Standardization of the method of setting minimum charges based on a consumption threshold of 10 cubic metres (m3);
d. Water supply tariff adjustments are implemented every 3 years;
e. Relief of electricity charges set based on the Automatic Fuel Adjustment Mechanism (AFA)* imposed by electricity suppliers to water operators for the previous year.</td>
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<td>Results</td>
<td>Sustainability of the industry and efficient water supply services to consumers</td>
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Note:
* AFA has replaced the Imbalance Cost Pass-Through (ICPT) surcharge, which came into effect on 1 July 2025
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<td>11.</td>
<td>What is the tariff structure under TSM, and how is the water supply tariff determined?</td>
<td>Two main categories: Domestic (Individual Meter) & Non-Domestic; and four special categories: Places of Worship & Charities, Domestic (Bulk Meter), Shipping, Data Centres.

Each category has defined bands and cost components as per the table below:

TSM Tariff Cost Components
<table>
<tr><td>Band (m3)</td><td>Tariff Cost Component</td></tr>
<tr><td colspan="2">Domestic Category (Individual Meter)</td></tr>
<tr><td>0 – 20m3</td><td>OPEX + *Electricity Charge</td></tr>
<tr><td>>20 – 35m3</td><td>OPEX + CAPEX + *Electricity Charge</td></tr>
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<table>
<tr><td>>35m3</td><td>OPEX + CAPEX + Regulated Profit + *Electricity Charges + #Environmental Costs</td></tr>
<tr><td colspan="2">Non-Domestic Category</td></tr>
<tr><td>0 – 35m3</td><td>OPEX + CAPEX + Regulated Profit + *Electricity Charges</td></tr>
<tr><td>>35m3</td><td>OPEX + CAPEX + Regulated Profit + *Electricity Charges + #Environmental Costs</td></tr>
<tr><td colspan="2">Special Category</td></tr>
<tr><td>Houses of Worship and Welfare Institutions</td><td>OPEX + *Electricity Charge</td></tr>
<tr><td>Domestic (Bulk Meter)</td><td>OPEX + CAPEX + Regulated Profit + *Electricity Charges</td></tr>
<tr><td>Shipping</td><td>OPEX + CAPEX + Regulated Profit + *Electricity Charges + #Environmental Costs</td></tr>
<tr><td>Data Centre</td><td>OPEX + CAPEX + Regulated Profit + *Electricity Charges + #Environmental Costs</td></tr>
</table>
Note:
OPEX: Operating Expenses
CAPEX: Capital Expenditure
* Electricity charges are costs passed on to consumers to enable water operators to offset changes in AFA costs
# Environmental Costs are the costs of conserving water catchments. These costs are not included in the tariff calculation under TSM as the implementation mechanism is being refined
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<td>12.</td>
<td>Why was a special category created for Data Centres instead of classifying them as non-Domestic?</td>
<td>The introduction of special tariffs for data centres as a specific category is to ensure that the needs of data centres are met under the TSM. This is to ensure operators can cover the costs of infrastructure for data centres without burdening other consumers. It also encourages data centre developers to use alternative sources such as reclaimed water and seawater as the main source of water supply.</td>
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13.	What are the benefits of water supply tariff adjustments to consumers?	The benefits of water tariff adjustments to consumers are as follows i. Consumers will be able to enjoy a continuous supply of clean and safe water through infrastructure upgrades. ii. A reduction of water supply disruptions via aging asset replacement & regular maintenance. iii. Faster complaint resolution via technology & innovation. iv. Expanded coverage to meet growing demand. v. Improved customer services (e.g., app-based bill payment). Enhanced service levels will be realized through the completion of water supply infrastructure projects, which necessitate sufficient time for implementation.
14.	How is the additional water tariff revenue spent?	The additional revenue from water tariff adjustments will be allocated towards enhancing water supply infrastructure. Detailed implementation plans for these projects are available on the SPAN website (https://www.span.gov.my) and through the PBAPP's Website (www.pba.com.my).
15.	What is the impact of the adjustment on low-income households?	Impact is small for domestic users. PBAPP provides targeted assistance such as "Rebate Mesra Keluarga" for big families and Rebate Mutiara for low-income households.
16.	How can consumers save and manage water usage?	i. Domestic users: fix leaks, use water-efficient products, harvest rainwater (car wash, gardening, cleaning). ii. Non-Domestic users: use reclaimed/recycled water, rainwater harvesting, and water-efficient products.

<table>
<tr><td>17.</td><td>What is the average monthly household expenditure on major utility bills?</td><td>The average monthly household water bill is 9%, the second lowest after sewerage bills, which are 4% compared to other major utilities, as shown in the following table:

<table>
<tr><th>Bil.</th><th>Utility</th><th>Average Monthly Expenses (RM)</th><th>Percentage of Monthly Expenses</th></tr>
<tr><td>1</td><td>Water</td><td>28.20 [20m3 at average Domestic tariff RM1.41/m3]</td><td>9%</td></tr>
<tr><td>2</td><td>Sewage</td><td>12.00</td><td>4%</td></tr>
<tr><td>3</td><td>Electricity</td><td>100.00</td><td>34%</td></tr>
<tr><td>4</td><td>Communication</td><td>50.00</td><td>17%</td></tr>
<tr><td>5</td><td>Pay TV Channels</td><td>40.00</td><td>13%</td></tr>
<tr><td>6</td><td>Internet</td><td>79.00</td><td>27%</td></tr>
<tr><td></td><td>Total</td><td>309.20</td><td>100%</td></tr>
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<tr><td>18.</td><td>Are water tariffs in Malaysia high compared to other countries?</td><td>No, Malaysia’s water tariffs are among the lowest in Asia, as shown in the following table:

<table>
<tr><th>Country</th><th>Charges per meter cube (USD/m³)</th><th>Charges per meter cube (RM/m³)</th></tr>
<tr><td>Myanmar (Yangon)</td><td>0.02</td><td>0.09</td></tr>
<tr><td>Brunei</td><td>0.08</td><td>0.34</td></tr>
<tr><td>Indonesia (Jakarta)</td><td>0.46</td><td>1.96</td></tr>
<tr><td>Malaysia (K. Lumpur)</td><td>0.33</td><td>1.41</td></tr>
<tr><td>Vietnam (Ho Chi Minh City)</td><td>0.24</td><td>1.02</td></tr>
<tr><td>Thailand (Bangkok)</td><td>0.25</td><td>1.06</td></tr>
<tr><td>Philippines (Manila)</td><td>0.71</td><td>3.02</td></tr>
<tr><td>South Korea (Seoul)</td><td>0.53</td><td>2.25</td></tr>
<tr><td>Singapore</td><td>1.25</td><td>5.31</td></tr>
<tr><td>Japan (Tokyo)</td><td>1.03</td><td>4.38</td></tr>
<tr><td>New Zealand (Auckland)</td><td>1.09</td><td>4.63</td></tr>
<tr><td>Australia</td><td>4.00</td><td>17.00</td></tr>
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<td>Note:
i. The water tariff rates for Malaysia refer to the average Domestic tariff (after tariff adjustment effective 1 August 2025) for the first 20m3 of consumption in Peninsular Malaysia and WP Labuan;
ii. The water tariff rates for other countries refer to The International Benchmarking Network for Water and Sanitation Utilities (IBNET) (https://tariffs.ib-net.org/sites) accessed on 1 July 2025 (referring to the first 15m3 of consumption for major cities by country), (1 USD = RM4.25)</td>
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<td>19</td>
<td>What regulatory mechanisms are applied to water operators?</td>
<td>i. The regulatory mechanism is aligned with the provisions of the Water Services Industry Act 2006 (Act 655) and its subsidiary legislation. The regulation of public water supply system asset owners and operators is carried out through the issuance of individual licenses. License holders are required to comply with the stipulated license conditions, including key performance indicators (KPIs) determined by the Minister
ii. SPAN will conduct periodic monitoring to ensure that licensees achieve the prescribed KPIs. The parameters monitored include water quality, non-revenue water (NRW), supply coverage, water pressure, collection efficiency, and customer service. In addition, SPAN will assess and approve the licensees’ business plans (BP), with monitoring encompassing both financial and technical aspects.</td>
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<td>20</td>
<td>What are the new rates for Penang?</td>
<td>The new rates are as follows:
<table>
<tr><td colspan="3">DOMESTIC (individual meter)</td></tr>
<tr><td>Consumption per month</td><td>Current rate (RM/m3)</td><td>From 1.7.2026 (RM/m3)</td></tr>
<tr><td>0-20m^3</td><td>0.62</td><td>0.65</td></tr>
<tr><td>20-35m^3</td><td>1.17</td><td>1.30</td></tr>
<tr><td>>35m^3</td><td>2.07</td><td>2.21</td></tr>
<tr><td>Minimum Charge</td><td>6.20</td><td>6.50</td></tr>
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NON - DOMESTIC (individual meter)		
Consumption per month	Current rate (RM/m3)	**From 1.7.2026 (RM/m3)**
0-35m³	1.57	**1.93**
>35m³	2.17	**2.31**
Minimum charge	15.70	**19.30**

DOMESTIC (bulk meter)		
	Current rate (RM/m3)	**From 1.7.2026 (RM/m3)**
Flat rate per m3	1.73	**1.92**
Minimum charge	17.30	**19.20**

HOUSES OF WORSHIP AND WELFARE ORGANISATIONS		
	Current rate (RM/m3)	**From 1.7.2026 (RM/m3)**
Flat rate per m3	0.67	**0.67**
Minimum charge	6.70	**6.70**

SHIPPING		
	Current rate (RM/m3)	**From 1.7.2026 (RM/m3)**
Flat rate per m3	7.07	**8.01**
Minimum charge	70.70	**80.10**

DATA CENTRE		
	Current rate (RM/m3)	**From 1.7.2026 (RM/m3)**
Flat rate per m3	NO SPECIFIC RATES	**5.31**
Minimum charge		**53.10**

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<tr><td>21</td><td>What assistance is provided for the low-income consumers?</td><td>There are two rebates available:

i. Rebate Mutiara - (formerly known as Project Perumahan Rakyat Termiskin (PPRT) rebate)
a. Consumers who fall under the “Miskin Tegar” category with recommendations from the District Office.
b. Household income of RM1,036 and below per month. Recommended and verified by District Office / MPKK / Penghulu.

ii. Rebate Mesra Keluarga - a flat rate of RM10 per month or RM20 per cycle.

a. Households with eight persons or more
b. Household income of RM5,580 and below
c. Household income to be verified by MPKK or the District Office.

Additionally, PBAPP also provides interest-free “Kampung Loan” for low-income consumers to new fund water pipe connections. PBAPP also waives all deposits and trunk mains contributions for “Kampung Loan” connections.</td></tr>
<tr><td>22</td><td>Are there any other targeted Financial Assistance & CSR Initiatives provided by PBAPP?</td><td>PBAPP provides various financial rebates/discounts based on the specific nature of cases, as well as the eligibility criteria for each rebate category, as follows:

1. Leakage concession rebate for undetected underground leakage (domestic only)
2. Merdeka Rebate (for domestic main meter)
3. CSR rebate (for low-cost premises, public facilities, education institutions/schools, and hardcore poor (e-kasih).
4. Instalment plan up to 60 months</td></tr>
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