

PBAPP: Tariff hike request aborted as state offered 'soft loans'

GEORGE TOWN: Penang Water Supply Corporation (PBAPP) withdrew its tariff hike application after the state government offered 'soft loans' to fund its capital expenditure instead.

PBAPP chief executive officer Datuk Jaseni Maidinsa said the corporation complied with the state government's directive not to raise the price of Penang's tap water and wrote to the National Water Services Commission (SPAN) to withdraw its tariff review.

He said in a statement that the water tariff review had been part of PBAPP's 2017-2019 business plan, which is a prerequisite for it to renew its operator licence.

After the plan was approved in Dec 2016, Jaseni said, PBAPP submitted details on the water tariff review to raise money for upgrading projects because the projected operational profits were insufficient.

"However, in Feb 2017, the state government requested PBAPP to withdraw its review application," he said, adding that the state offered soft loans instead.

Jaseni did not specify how much PBAPP needed for its capital expenditure until 2019. Last November, the state assembly approved an unprecedented cash injection of RM707mil or 48.7% of the state's 2017 Budget into the Chief Minister's Office and State Secretariat.

This included a loan of RM30mil to PBAPP and RM609mil to Penang Development Corporation.

SPAN chairman Liang Teck Meng had earlier told reporters that the planned tariff review would have seen PBAPP collect an additional RM150mil per year.

Jaseni confirmed that SPAN was dissatisfied with PBAPP for cancelling the water tariff hike and queried the corporation on how it planned to fund expansions and upgrades.

PBAPP told SPAN about the state government's offer of loans on May 11.

In a press conference yesterday, Chief Minister Lim Guan Eng, who is PBAPP chairman, continued his war of words with Liang, who is Gerakan secretary-general.

Lim said he was upset with Liang for disclosing the water tariff review application, saying it was a confidential letter to SPAN.