

**6<sup>th</sup> May 2015**

PRESS STATEMENT

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## **FEDERAL GOVERNMENT APPROVED AND GAZETTED PENANG WATER TARIFF REVIEW**

PENANG, Wed, 6/5/2015: Perbadanan Bekalan Air Pulau Pinang Sdn Bhd (PBAPP) would not be able to implement the Penang Water Tariff Review 2015 (PWTR 2015) without approval from the Federal Government.

As required by the Water Services Industry Act 2006 (WSIA 2006), PBAPP submitted a final proposal on the PWTR 2015 to the National Water Services Commission (SPAN) on 30<sup>th</sup> July last year.

The primary objective of the PWTR 2015 is to reduce high per capita domestic water consumption so as to avoid water rationing in Penang. It is an important water demand management initiative, in view of rationing in Selangor, Kuala Lumpur, Putrajaya, Negri Sembilan and Johor, as well as in Taiping, the “wettest town” in Malaysia, in 2014 and 2015.

PBAPP would like to clarify the following facts in response to a *NST Online* news report dated 5<sup>th</sup> May 2015, quoting Energy, Green Technology and Water (KeTTHA) Deputy Minister Datuk Seri Mahdzir Khalid:

1. PBAPP, and not the Penang State Government, submitted the proposal for Federal approval. PBAPP is licensed by SPAN to serve as Penang’s water operator, and only licensed water operators submit tariff proposals.
2. PBAPP followed proper procedures and complied with Federal laws in proposing and implementing the PWTR 2015.
3. The PWTR 2015 required Federal approval, without which it cannot be implemented. The PWTR 2015 was recommended by SPAN, and KeTTHA had also advised the Penang State Government to reduce domestic water consumption.
4. PBAPP was informed by SPAN that the Federal Government approved the PWTR 2015 on 13<sup>th</sup> February 2015, and gazetted it on 15<sup>th</sup> February 2015.
5. Other water operators of other states may have also submitted tariff review proposals in 2014. If so, these other proposals are awaiting Federal approval.
6. In a report published in *The Star* dated 25<sup>th</sup> April 2015, SPAN’s Chief Executive Officer acknowledged that water tariffs throughout Malaysia needed to go up, and the Malaysian Water Association supported this viewpoint.

## EMPHASIS ON WATER CONSERVATION

As for other allegations raised in a report published in *The Malaysian Reserve* on 4<sup>th</sup> May 2015, PBAPP would also like to reiterate that the PWTR 2015 is primarily aimed at water conservation in a water-stressed state. Its effect on 75.3% of Penang households is minimal.

In fact, the domestic tariff for the first 20,000 litres per month was NOT changed. This tariff for the lowest category of domestic consumption has NOT been changed since 1993.

Meanwhile, the domestic tariff for consumption of 20,000 – 35,000 litres per month was increased by only RM0.04 per 1,000 litres (from RM0.42 per 1,000 litres to RM0.46 per 1,000 litres).

In Penang, more than 7 out of every 10 domestic consumers (households) use less than 35,000 litres of water per month.

As such, the impact of the PWTR 2015 on 75.3% of domestic consumers is only RM0.60 (or less) per month. For this 75.3% of domestic consumers, the average monthly water bill is RM11.30 per month or less. Please note that RM11.30 is much less than what the majority of Penang households would pay monthly for electricity, petrol, telephone, mobile phone, Internet access and satellite TV bills.

Today, PBAPP continues to sustain the most people-friendly domestic water tariffs in Malaysia for Penang, at an average tariff of RM0.32 per 1,000 litres for the first 35,000 litres per month. In comparison, the national average is RM0.66.

It is hoped that the people of Penang will conserve water to enjoy the most people-friendly tariffs in Malaysia. In doing so, they will also help PBAPP to ensure that Penang will have enough water beyond Year 2020.

Our target is to reduce Penang's per capita domestic consumption by 11.3%, from 294 litres/capita/day (l/c/d) to 260 l/c/d.

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