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PRESS STATEMENT

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PENANG'S DOMESTIC WATER TARIFFS ARE THE MOST "PEOPLE-FRIENDLY" IN MALAYSIA

PENANG, Thurs, 30/4/2015: It is a fact that 75.3% of all households in Penang are enjoying the most "people-friendly" water tariffs in Malaysia for the first 35,000 litres per month.

More than 7 out of 10 households here pay an average of RM0.32 per 1,000 litres for water supply, as compared to the national average of RM0.66 in 2013. The following are the average domestic tariff for the first 35,000 litres in other states – Kedah (RM0.67), Perak (RM0.73) and Johor (RM1.05).

On 28th April 2015, some newspapers printed comments attributed to Penang Gerakan on water tariffs, including "don't bully Penangites" with regard to water tariff reviews.

In reality, the Penang State Government and PBAPP are sustaining and subsidising the most "people-friendly" water tariffs in Malaysia for the majority of Penang households, especially the lower income group. At RM0.32 per 1,000 litres, Penang's domestic tariff is the lowest in Malaysia for the first 35,000 litres per month.

Difference of 1 sen per 1,000 litres

As to the second comment that "the domestic and trade water tariffs have increased a few times since 2008", please allow us to clarify the following again:

- There was one previous water tariff review in 2010 but it only involved trade tariffs.
- In 2010, PBAPP introduced the Water Conservation Surcharge (WCS) but the WCS only affects domestic water consumers who use more than 35,000 litres per month.
- In 2013, the WCS was reviewed from RM0.24 per 1,000 litres to RM0.48 per 1,000 litres. Again, this only affects domestic water consumers who use more than 35,000 litres per month.
- The WCS is not a tariff review or a GST because all domestic consumers can avoid the WCS by using less than 35,000 litres per month.

More importantly, consider the actual value of the increase and the average domestic tariff for the first 35,000 litres per month that affects 75.3% of Penang households. Since 1993, the average tariff was RM0.31 per 1,000 litres. Today, 22 years later, it is RM0.32 per 1,000 litres.

The difference is only RM0.01 (or 1 sen) for 1,000 litres of water.

Today, 7 out of 10 Penang households pay RM11.30 per month or less for water supply. 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.

Difference in Per Capita Domestic Consumption

The third misleading comment is that “Penang’s water consumption is high because of the manufacturing industry, hawkers, population increase, influx of out-station people and housing project developments.”

In fact, domestic consumption accounts for 59% of total water consumption in 2014 as compared to 41% for trade consumption. The total volume of water consumed by 1.65 million Penang residents is higher than the volume consumed by all businesses that operate here.

So, we prioritise the reduction of domestic water consumption. Moreover, trade consumers are more careful in consuming water because they pay higher tariffs than domestic consumers who are being subsidised.

Meanwhile, in the period 2001 – 2014, the per capita domestic consumption in Penang increased by 11.8%, from 262 litres per capita per day (l/c/d) to 293 l/c/d. In comparison, the national average was 210 l/c/d in 2013 and Singapore has achieved 150 l/c/d in 2014.

We need to reduce this high per capita domestic consumption to sustain water sufficiency, avoid rationing and keep Penang green and prosperous. We have set a “realistic” target of 260 l/c/d because we want to reduce the per capita to 2001 levels in Penang.

A Different Approach: Water Demand Management

While reflecting on the history of water supply is good, there are key differences between past and present scenarios, such as:

- Climate change – dry seasons as longer, drier and hotter;
- Water rationing in other Malaysian states during the dry seasons in 2014 and 2015;
- A 34% increase in population from 1.23 million people in 2001 to 1.65 million people in 2014; *and*
- A 39% increase in water consumption from 589 million litres a day (MLD) in 2001 to 813 MLD in 2014.

If we were to apply the water supply formula from the past, we would simply build more dams and treatment plants to cater for future demand. However, nothing comes free. The costs of additional multi-billion ringgit infrastructure projects would have to be “paid for” via much higher water tariffs for all water consumers.

Today, PBAPP is adopting a different approach that is more people-friendly and sustainable. We are implementing water demand management to avoid water rationing and still sustain reasonable tariffs.

The Penang Water Tariff Review 2015 (PWTR 2015) is a demand management initiative to lower Penang's high per capita domestic consumption from 293 l/c/d to 260 l/c/d. It promotes water conservation and rewards households for using water wisely with the lowest domestic tariffs for the first 35,000 litres per month.

Achieving 260 l/c/d will prolong the lifespan of Penang's existing water supply infrastructure for as long as possible. It will help us to avoid rationing, sustain reasonable tariffs and ensure that there is sufficient water to cater for Penang's population and economic growth beyond Year 2020.

It should be noted that PWTR 2015 was approved and gazetted by the Federal Government in accordance to Federal laws.

Sustaining a Green, Prosperous and People-Friendly Penang

The lowest average domestic tariff in Malaysia for the first 35,000 litres per month is a "reward" sustained by the Penang State Government and PBAPP so that Penang households will conserve water and use it wisely.

Meanwhile, the Penang State Government has also directed PBAPP to avoid rationing at all costs so as to avoid suffering for the people and losses for businesses. We will continue to follow this primary directive and do whatever is necessary to sustain continuous good water supply for all.

Water saving or water conservation is the most prudent and rational way to sustain a green, prosperous and people-friendly Penang for all, now and in the future. Please visit www.pba.com.my today for water-saving tips.

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