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PRESS STATEMENT

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PBA Holdings Bhd (PBAHB) and Perbadanan Bekalan Air Pulau Pinang Sdn Bhd
(PBAPP)

PENANG SEEKING RAW WATER TRANSFER SCHEME, NOT TREATED WATER

PENANG, Thursday, 4/2/2016: Penang is seeking the urgent implementation of the Sungai Perak Raw Water Transfer Scheme (SPRWTS) by the Federal Government. At this point in time, Penang is not planning to buy treated water from Perak.

There are four good reasons for this:

- 1. The SPRWTS is a raw water project and the Federal Government is responsible for raw water projects.**

On 2nd June 2011, the Prime Minister witnessed the signing of agreements amongst the Penang State Government, Perbadanan Bekalan Air Pulau Pinang Sdn Bhd (PBAPP) and the Federal Government to facilitate our migration to the National Water Services Re-structuring Initiative (NWSRI).

In accordance to these agreements, the Federal Government is responsible for raw water projects for the benefit of Penang and its people. The SPRWTS is a raw water project.

As such, the cost of SPRWTS should not be borne by the people of Penang or Perak.

- 2. The SPRWTS will benefit both Penang and Perak.**

At present, Sungai Perak is not fully utilised as a raw water resource in the northern region of Malaysia. Extra raw water from this river, as and when available, is simply flowing into the Straits of Malacca.

As such, the SPRWTS is a proposed new inter-state scheme that will optimise the potential of Sungai Perak as a raw water resource.

When implemented, the SPRWTS will allow Penang to tap a second raw water resource, to mitigate the risks of raw water shortages during extended dry seasons in this age of climate change. When realised, this scheme will also benefit Perak in terms of sustaining continuous good water supply in the Northern Perak.

3. It is not economically feasible for Penang to buy treated water from Perak.

Penang's average domestic water tariff for the first 35,000 litres per month is RM0.32 per 1,000 litres. This is the lowest average tariff in Malaysia for this band of domestic consumption. As at December 2015, the national average is RM0.69 per 1,000 litres, or more than two times higher.

In terms of trade tariffs, Penang's average trade tariff for the first 500,000 litres per month is RM1.36 per 1,000 litres. The national average is RM1.48 per 1,000 litres. Our average trade tariff for this band of trade consumption is lower than the average trade tariffs of other industrialised states, such as Kedah, Negri Sembilan, Melaka, Selangor, Johor and Perak.

At present, Perak charges RM0.73 per 1,000 litres for the first 35,000 litres of domestic water supply per month as compared to RM0.32 in Penang.

Perak also charges trade consumers RM1.60 per 1,000 litres for the first 500,000 litres of trade consumption per month as compared to RM1.36 in Penang.

As such, it is not economically feasible for Penang to buy treated water from Perak when Perak's water tariffs are higher. Moreover, we also need to factor the costs of Perak constructing treated water supply infrastructure to 'deliver' treated water to Penang.

4. There is no precedent for large volume inter-state treated water transfers in Malaysia.

The Johor-Melaka and Pahang-Selangor inter-state water schemes involve raw water only. There is no reason why Penang should face discriminatory treatment when compared to these states when the Federal government can mediate to ensure the regular supply of raw water across states. These projects were mediated and implemented by the Federal Government to alleviate water-stress scenarios in Malaysia. Accordingly, Penang should be accorded fair treatment of being able to gain access to raw water supply at similar rates paid by Selangor or Melaka.

Consequently, we are seeking the same consideration from the related Federal agencies for the SPRWTS, a scheme that will enhance raw water sufficiency and security in Penang and Perak for the benefit of the people in both states.

As such, there are good reasons why Perak should support Penang's request for the timely implementation of the SPRWTS instead of asking us to buy treated water. We hope that our neighbouring state will join us in asking the Federal Government to implement this far-sighted project as soon as possible.

According to our water supply projections, the SPRWTS was due to commence a few years ago.

Finally, this scheme should be considered as a key component that is indispensable for the success of the Northern Corridor Economic Region (NCER) and our country.

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