

11.12.2020

PRESS STATEMENT

by **DATO' IR. JASENI MAIDINSA**

CEO, PBAPP and PBA Holdings Bhd.

PBAPP WILL CONTINUE TO SPEAK OUT TO PROTECT PENANG WATER SUPPLY

- **PBAPP was calling for Federal Government action, and not addressing the Kedah Menteri Besar.**

PENANG, Friday, 11.12.2020: Perbadanan Bekalan Air Pulau Pinang Sdn Bhd (PBAPP) reserves the right to speak up for Penang if the Kedah State Government makes decisions that threaten Penang's water supply security in any way.

We are against large-scale REE mining in Ulu Muda because it will inevitably lead to widespread deforestation, hill-cutting, land clearing and the generation of toxic waste in the most valuable water catchment area in the Northern Corridor Economic Region (NCER). The potential damage is likely to be permanent and disastrous.

As a holistic water supply organisation, PBAPP considers water catchment areas, such as Ulu Muda, to be the first links in the water supply value chain. Without sufficient raw water, PBAPP cannot produce sufficient treated water to meet Penang's daily needs. It is our core business, and public responsibility, to meet all of Penang's water supply needs, 24/7.

We will continue to speak out for the conservation of the Greater Ulu Muda Forest Complex (Ulu Muda) that encompasses 163,000 hectares (ha.) of rainforests. These rainforests deliver 70% of Perlis' raw water and 96% of Kedah's raw water. More than 80% of the raw water that PBAPP abstracts daily, from Sungai Muda also originates from Ulu Muda.

A 2.12.2020 *Astro Awani* report quoted Kedah Menteri Besar Muhammad Sanusi Mohd Nor as stating that his state government had approved a permit for a company to explore the mining of rare earth elements (REE) in Kedah.

He was quoted as saying that large REE deposits, valued to be worth RM60 billion, had been detected in Sik, Baling and Ulu Muda.

PBAPP responded by stating that:

- Large-scale REE mining in Ulu Muda would endanger water supply for 4.2 million people in Perlis, Kedah and Penang because the Kedah Menteri Besar had conveniently forgotten that Ulu Muda is the largest and most important water catchment area in the NCER.
- Ulu Muda cannot continue to function as a primary water catchment area if its rainforests are cut down, its hills are flattened and its landscape is scarred by mining operations. Mining will also adversely affect Sungai Muda, a strategic raw water resource, and the quality of its raw water.
- The Ministry of Environment and Water (KASA), the Ministry of Energy and Natural Resources (KeTSA) and the National Security Council (MKN) must work together to stop this dangerous venture immediately.

Please note that PBAPP was calling on the Federal Government ministries and the MKN to take action. It was not our intent to address or engage the Kedah Menteri Besar because he had already approved a REE mining-related permit (without Federal Government clearance).

PBAPP would like to reiterate its call to KASA, KeTSA and MKN to stop this REE mining venture. In our opinion, REE mining in Ulu Muda directly threatens water supply security in the region, and therefore, the lives and livelihoods of 4.2 million people as well as an estimated GDP contribution RM147.8 billion from Perlis, Kedah and Penang in 2019.

For the record, the Penang State Government, Consumers Association of Penang (CAP), Sahabat Alam Malaysia (SAM), Pertubuhan Perlindungan Khazanah Malaysia (PEKA) and several Members of Parliament (MPs) have also spoken out against Kedah's REE mining proposal.

On 8.12.2020, *The Star* quoted the KeTSA Minister Datuk Dr Shamsul Anuar Nasarah as stating that the Federal Government had not issued any mining approval for non-radioactive REE in permanent reserve forest (PRF) areas.

Kindly note that on 4.11.2019, the Ministry of Water, Land and Natural Resources (KATS) had stated in a parliamentary answer that Kedah had gazetted 106,418 ha. of Ulu Muda forests as PRFs since 1932.

In regard to the Kedah Menteri Besar's claim that PBAPP should not comment on Ulu Muda until it pays for raw water, our reply is as follows:

- The middle "line" of Sungai Muda delineates the state boundaries of Kedah and Penang.
- PBAPP abstracts raw water from Sungai Muda at the Lahar Tiang Intake, which is located in Penang territory.
- PBAPP is paying raw water fees to the Penang State Government for abstracting raw water at the Lahar Tiang Intake.
- PBAPP abstracts raw water from Sungai Muda downstream of 13 Kedah water treatment plants and 4 irrigation intakes. If we do not abstract the raw water at Lahar Tiang, it will just flow naturally into the Straits of Melaka.
- Kedah should seek compensation for conservation from the Federal Government, instead of from Penang, because Ulu Muda is a water catchment area that "serves" 3 NCER states, including Kedah itself.

The Penang State Government and PBAPP have publicly stated that we would support Kedah's claim for Federal compensation to conserve Ulu Muda if Kedah is willing to gazette and classify 163,000 ha. of rainforests in Ulu Muda as "water catchment forests" permanently.

"Conservation" means no logging, no mining, no land development and no activities of any kind that threaten the rainforests of Ulu Muda.

Thank You.

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