

18.12.2020

PRESS STATEMENT

by **DATO' IR. JASENI MAIDINSA**

CEO, PBAPP and PBA Holdings Bhd.

KEDAH DESERVES FAIR COMPENSATION FROM THE FEDERAL GOVERNMENT TO CONSERVE ULU MUDA

- **Compensation should be sought from the Federal Government, and not Penang, because Ulu Muda catches raw water for 3 NCER states, and not only Penang.**

PENANG, Friday, 18.12.2020: If Kedah is serious about conserving Ulu Muda as a regional water catchment area, it should seek fair compensation from the Federal Government, and not Penang.

The key rationale to seek Federal compensation are fair and simple:

- Ulu Muda serves as a water catchment area for 3 states in the Northern Corridor Economic Region (NCER): Perlis, Kedah and Penang.

Penang is NOT the only state that abstracts raw water from Sungai Muda that originates in Ulu Muda. The 1.77 million people who live in Penang are NOT the only beneficiaries of raw water that originates in Ulu Muda. In total, 4.2 million benefit from Ulu Muda, including the people living in Perlis and Kedah.

- Perlis, Kedah and Penang contributed an estimated RM147.8 billion to the national GDP in 2019 (one year). The sustenance of healthy GDP contributions from all 3 states, on a continuing annual basis, is dependent on good water supply services in all 3 states.
- The Federal Government's vision for the NCER is based on leveraging the combined strengths of Perlis, Kedah, Penang and Perak to develop a "world-class economic region and technology hub" (<https://www.ncer.com.my>).

The NCER vision is not achievable without water supply security for ALL the states in the NCER, now and in the future.

- Perbadanan Bekalan Air Pulau Pinang Sdn Bhd (PBAPP) abstracts raw water from Sungai Muda at the Lahar Tiang Intake in Penang territory, downstream of 13 Kedah water treatment plants and 4 irrigation intakes.

Kindly note that PBAPP's raw water abstraction operations do NOT compromise water supply and irrigation abstractions upstream, for the benefit of Kedah and Perlis. PBAPP's raw water abstraction operations also do NOT incur any costs for Kedah.

- If PBAPP does not abstract the raw water from Sungai Muda at Lahar Tiang, the raw water will just flow naturally into the Straits of Melaka.

Sungai Muda is a big river. Blocking or damming the river will lead to flooding that will damage land and property as well as cause undue suffering for the people, including padi farmers in Kedah. It will also compel Penang and PBAPP to file a suit against Kedah for an illegal action.

- Water supply operators in Malaysia pay State Governments for "raw water intake fees", and PBAPP is paying the Penang State Government for this privilege. There is no precedent in Malaysia for a water supply operator to pay two state governments for the abstraction of raw water from one river.

Definition of "conserving Ulu Muda"

The Penang State Government and PBAPP have publicly expressed support for Kedah to seek Federal compensation for the conservation of Ulu Muda as a NCER water catchment area.

However, we only support Kedah's claim for compensation in accordance to the following terms and conditions for conservation:



PBA

Perbadanan Bekalan Air
Pulau Pinang Sdn Bhd
199901001061 (475961-X)

Memenuhi segala keperluan bekalan air anda

Meeting all your water supply needs

- Kedah must gazette 163,000 hectares of rainforests in the Greater Ulu Muda Forest Complex (Ulu Muda) as permanent reserve forests that are classified under the National Forestry Act 1984 as “water catchment forests”, in perpetuity.
- Kedah must totally ban all logging activities in Ulu Muda.
- Kedah must never approve permits for mining, or allow mining activities or any sort, including mining for rare earth elements (REE), in Ulu Muda.
- Kedah legally commits and adheres to the definition of “conservation of Ulu Muda” as no logging, no mining, no land development and no activities of any kind that threaten the water catchment forests of Ulu Muda.
- Kedah must only allow eco-friendly recreation and tourism activities in Ulu Muda.

If Kedah finds these terms and conditions acceptable, the Kedah State Government may count on full support from the Penang State Government and PBAPP to negotiate and secure Federal compensation for the conservation of Ulu Muda, for the benefit of the NCER and its people.

Thank You.

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