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## PRESS STATEMENT

by **DATO' IR. JASENI MAIDINSA**

CEO, PBAPP and PBA Holdings Bhd.

## **PAY KEDAH RM100M TO CONSERVE ULU MUDA, TOTALLY AND IN PERPETUITY**

- **PBAPP supports Kedah's claim for RM100 million from the Federal Government to conserve 160,000 hectares of rainforests in Ulu Muda as a NCER water catchment area, totally and in perpetuity.**

PENANG, Friday, 28.8.2020: Perbadanan Bekalan Air Pulau Pinang Sdn Bhd (PBAPP) welcomes the Kedah State Government's willingness to conserve Ulu Muda as a NCER water catchment area in exchange for RM100 million in compensation.

On 27.8.2020, Kedah Menteri Besar Muhammad Sanusi Md Nor was quoted in mass media reports as saying that Kedah had negotiated with the Ministry of Natural Resources and Water (KASA) to seek RM100 million in compensation for conserving the Ulu Muda as a water catchment area.

The Federal Government should pay Kedah's RM100 million claim in accordance to the following 3 key conditions:

1. Kedah agrees to gazette, categorise and legally protect 160,000 hectares of rainforests in Ulu Muda as "Water Catchment Forests", under Section 10A (1) of the National Forestry Act;
2. Kedah agrees to physically conserve and protect Ulu Muda in perpetuity as a Northern Corridor Economic Region (NCER) Water Catchment Area; and
3. Kedah agrees to terminate all existing logging concessions in Ulu Muda and stop the Kedah Forestry Department from issuing new logging concessions in Ulu Muda. All logging activities must cease immediately, and logging must be completely banned in Ulu Muda in perpetuity.

## **Key Rationale for Conserving Ulu Muda**

Ulu Muda is the largest water catchment area in the Northern Corridor Economic Region (NCER). Its 160,000 hectares of rainforests catch raw water for three states: Perlis, Kedah and Penang.

About 70% of Perlis' raw water and 96% of Kedah's raw water originate from Ulu Muda. More than 80% of the raw water that PBAPP abstracts from Sungai Muda, at the Lahar Tiang Intake in Penang, daily originates from Ulu Muda.

This means that the well-being of 4.2 million people living in Perlis, Kedah and Penang are highly dependent on raw water that originates from Ulu Muda.

All businesses and socioeconomic activities in these 3 NCER states, which contributed RM150.5 billion to the national GDP in 2018, are also dependent on raw water that originates from Ulu Muda.

Most of the padi farmers in Kedah, which serves as the "Ricebowl of Malaysia", are also dependent on raw water from Ulu Muda for irrigation purposes.

The success of the following NCER economic transformation projects will also depend on the availability of sufficient raw water from Ulu Muda:

- **PERLIS:** Chuping Valley Industrial Area, Superfruits Nucleus Farm and Perlis Inland Port.
- **KEDAH:** Kedah Rubber City, Kedah Science and Technology Park, Sidam Logistics Aerospace and Manufacturing, Petrochemical Industrial Park, Kulim Hi Tech Park, Agri-businesses, Special Border Economic Zone at Bukit Kayu Hitam, Pulau Bunting Development and Kulim International Airport.
- **PENANG:** Manufacturing Test Engineering Hub, Agri-businesses, Penang Port expansion and Penang Airport expansion.

In these contexts, Ulu Muda is an irreplaceable and indispensable NCER socioeconomic resource.

The repercussions of logging in Ulu Muda extend beyond environmental destruction. Without sufficient raw water from Ulu Muda, taps will run dry in Perlis, Kedah and Penang. The socioeconomic consequences will be catastrophic, especially at a time when we are fighting against Covid-19 and striving to recover from its negative impacts.

With so much at stake, the Federal Government should take this opportunity to compensate Kedah, and work with Kedah to ensure that Kedah protects Ulu Muda for the benefit of the NCER and its people – totally and in perpetuity.

Thank You.

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Issued by : Syarifah Nasywa bt Syed Feisal Barakbah  
Corporate Communications Unit  
Tel : 04-200 6607  
Email : syarifah@pba.com.my