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## PRESS STATEMENT

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## **SUNGAI MUDA: KEDAH MB HAS NO GROUNDS TO DEMAND PAYMENT, PENANG HAS NO OBLIGATION TO PAY**

PENANG, Saturday, 9.1.2021: The Kedah Menteri Besar has no grounds to demand payment from Penang for abstracting raw water from Sungai Muda.

The following facts explain why Penang holds the right to abstract raw water from Sungai Muda without payment to Kedah:

### **Sungai Muda does not belong exclusively to Kedah**

1. Sungai Muda is a river that flows through Kedah and Penang. As such, Kedah is not “supplying raw water” to Penang. Sungai Muda is also not a canal, pipeline or channel that is “constructed” by Kedah.

The fact that Sungai Muda flows through Penang is documented in the Kedah and Penang (Alteration of Boundary) Act 1985 (Act 325), which is enshrined as an Act in Article 2 of the Federal Constitution. State enactments passed by Kedah and Penang in 1985 also place the states’ boundary along a centre line section of the river.

As such, Sungai Muda does not belong exclusively to Kedah. Part of this river “belongs” to Penang. This is the reason why Perbadanan Bekalan Air Pulau Pinang Sdn Bhd (PBAPP) is paying the Penang State Government to abstract raw water from Sungai Muda at the Lahar Tiang Intake in Seberang Prai.

2. Since the opening of the “Muda Water Scheme” in 1973 by the (late) Tun Abdul Razak bin Hussein, the second Prime Minister of Malaysia, Penang has been abstracting water from Sungai Muda at no charge.

No charge is applicable because there is no document, agreement or MoU that requires the Penang State Government or PBAPP to pay any form of fee, charge, contribution and compensation to Kedah.

3. Penang continues to abstract raw water from Sungai Muda at no charge because nothing has changed, vis-à-vis the Muda Water Scheme, in the past 48 years.

Today, PBAPP abstracts raw water downstream of 13 Kedah water treatment plants and 4 irrigation intakes. As such, PBAPP's raw water abstraction activities do not impede, compromise or affect Kedah's abstraction activities upstream in any way.

PBAPP abstracts raw water at the Lahar Tiang Intake at its own cost, using its own resources. As such, there is no cost incurred by Kedah.

Insofar as Sungai Muda is concerned, Kedah has no legal or rational grounds to demand payment from Penang. More importantly, Penang has no legal obligation to pay Kedah.

### **Conservation of Ulu Muda**

Sungai Muda is the river that separates Kedah and Penang. Ulu Muda is the most important water catchment area in Malaysia's Northern Corridor Economic Region (NCER).

As such, the conservation of 163,000 (ha.) hectares of rainforests in Ulu Muda and its surrounding areas is a different and separate matter.

These rainforests catch water for Perlis, Kedah and Penang, three states in the NCER. Please note that Penang is not the only state that benefits from the conservation of Ulu Muda; about 70% of Perlis' raw water and 96% of Kedah's raw water also originate from Ulu Muda.

Therefore, Kedah should seek fair Federal Government compensation for conserving Ulu Muda as a NCER water catchment area. This is a rational request because Ulu Muda catches raw water for three states that contribute billions of ringgit to Federal tax earnings annually.

However, Kedah must gazette and classify the entire Ulu Muda area (163,000 ha.) as fully protected “water catchment forests” under the National Forestry Act 1984 before seeking Federal compensation.

The Penang State Government and PBAPP strongly support Kedah to obtain Federal compensation for the conservation of Ulu Muda as a NCER water catchment and the Rice Bowl of Malaysia.

This is to ensure that there will be no logging, mining or destructive activities of any other kind in Ulu Muda that will jeopardise its role as a NCER water catchment area in the future. The Kedah Menteri Besar should not expect to receive money for nothing.

Thank You.

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