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MEDIA RELEASE

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FEDERAL GOVERNMENT OBLIGATED TO COMPLETE MENGGUANG DAM EXPANSION PROJECT (MDEP)

- **MDEP cannot function fully as Penang's most important strategic drought reserve until Phase 2B (RM100 million) and Phase 2C (RM80 million) are completed.**
- **Federal grant for MDEP was set at RM1.2 billion. To date, the cost for the completed Phase 1 and Phase 2A is only RM670.5 million.**

PENANG, Tuesday, 12.1.2021: The Federal Government must fulfill its obligation to complete the Mengkuang Dam Expansion Project (MDEP) as specified, so that the MDEP may function fully and effectively as Penang's most important strategic drought reserve.

The MDEP is a Federal Government project. The Federal Government officially agreed to undertake and finance the MDEP as a condition for Penang's migration to the National Water Services Restructuring Initiative (NWSRI).

The main beneficiaries of the MDEP are 1.774 million people and all the businesses that operate in Penang, and not the State Government or Perbadanan Bekalan Air Pulau Pinang Sdn Bhd (PBAPP).

According to the Malaysian Statistics Department, Penang contributed RM94.7 billion to the national GDP in 2019. Without sufficient water supply during the annual dry seasons, the people may suffer from water supply interruptions. Business may not operate normally. As such, Penang may not be able to continue contributing billions of ringgit in Federal tax payments in the future if it faces water crises during prolonged dry seasons.

As such, it is irresponsible for anyone to ask the Federal Government to stop the completion of the MDEP over a political disagreement.

On 10.1.2021, the *FMT* news portal quoted former Prime Minister of Malaysia, YB Dato' Sri Mohd. Najib bin Tun Haji Abdul Razak, as stating that the MDEP was funded by a RM1.2 billion grant given by his administration as part of the restructuring of Penang's water assets in 2011.

He allegedly said: "So, don't continue the Mengkuang Dam project as long as DAP or Lim (former Penang Chief Minister YB Tuan Lim Guan Eng) do not admit or apologise for misleading Penangites for years with fairy tales of reducing the state's debts by 95%."

MDEP incomplete, RM1.2 billion grant not fully utilised

The MDEP commenced 10 years ago, in 2011. To this day, the Federal Government has not fully completed the MDEP. The "proof" lies in the fact that the RM1.2 billion Federal grant has not been fully utilised.

The following table summarises the status and costs of the MDEP:

Phases	Status	Cost (RM)
1	Expansion of the Mengkuang Dam's effective capacity from 22.0 billion litres to 86.4 billion litres and associated works.	Completed (10.4.2017) 607 million
2A	Upgrading of the Mak Sulong Pumping Station, to increase raw water pumping capacity from Sungai Kulim, from 200 million litres per day (MLD) to 400 MLD.	Completed (28.9.2017) 63.5 million
2B	Laying of 7km of a 1.6m diameter raw water pipeline from the Mak Sulong Pumping Station to the Sungai Dua Canal. This new pipeline will upgrade the raw water drawdown capacity of the dam from 300 MLD to 600 MLD.	Final stage of land acquisition. The Ministry of Environment and Water (KASA)'s water supply section to implement this project in 2021. 100 million

Phases	Status	Cost (RM)	
2C	Construction of the 440 MLD Lahar Yooi Pumping Station to enable rapid filling and refilling of the dam by pumping water from a second raw water resource: Sungai Muda.	Included in the “Feasibility Study” to construct a new barrage at Rantau Panjang for consideration by the Federal Government.	80 million

On 26.10.2020, the Federal Government handed over a partially completed MDEP to the Penang State Government, comprising of the Expanded Mengkuang Dam (Phase 1) and the Mak Sulong Pumping Station (Phase 2A). The combined cost of these two phases is RM670.5 million.

Meanwhile, Phase 2B and Phase 2C of the MDEP have not been completed at a combined projected cost of RM180 million.

So, due to changes in specifications by the Federal Government, the total estimated cost of all phases of the MDEP is now RM850.5 million, which is RM349.5 million short of the original RM1.2 billion Federal grant.

Accordingly, the Federal Government is considering the allocation of RM100 million for the construction of a new barrage at Rantau Panjang, to replace a barrage which was commissioned on 28 June 1973.

I wish to clarify that Penang is not asking for more Federal funds for the MDEP. Penang is asking for the MDEP to be completed by the Federal Government as soon as possible, as agreed upon in 2011.

Please note that the RM1.2 billion Federal grant signed off by the Federal Government in 2011 is more than enough to complete the MDEP and build the new barrage.

Importance of Phase 2B and 2C

At present PBAPP may only draw down a maximum of 300 million litres of raw water (MLD) from the Mengkuang Dam. In 2019, Penang’s treated water consumption was 843 MLD.

We need Phase 2B to enable a maximum drawdown 600 MLD from the Mengkuang Dam during a severe drought scenario.

We also need Phase 2C because we now have an 86.4 billion litre Mengkuang Dam that must be refilled promptly during the wet seasons. Phase 2C will allow us to pump water from two rivers, Sungai Kulim and Sungai Muda, for storage and use during dry seasons.

As such, MDEP may not function fully as Penang's most important strategic drought reserve until Phase 2B and Phase 2C are completed.

Finally, I would like to reiterate that the MDEP is a water supply project for the benefit of the people and the businesses that operate in Penang. It is not a prestige or luxury project. It is an essential public service project that should be prioritised by the Federal Government in this age of climate change and a global pandemic.

Thank You.

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