

18.5.2021

Media Release

by DATO' IR. JASENI MAIDINSA
CEO, PBA Holdings Bhd and PBAPP

WHO SHOULD PAY KEDAH?

- **The Federal Government which collected taxes amounting to RM16.4 billion in 2019 from Perlis, Kedah and Penang should pay and compensate Kedah to ensure water supply security in the NCER states.**

PENANG, Tuesday, 18.5.2021: The Kedah Menteri Besar is reportedly demanding “RM50 million” a year from Penang for abstracting raw water from Sungai Muda and RM100 million per year compensation from the Federal Government to stop logging in the Ulu Muda Forests.

Conservation of Ulu Muda is a NCER issue

Ulu Muda Forests is a water catchment area in Kedah that collects 70% of Perlis' raw water and 96% of Kedah's raw water. It is also the primary water catchment area for Sungai Muda, from which Penang abstracts more than 80% of its raw water daily.

Please note that Ulu Muda “serves” 3 states in the Northern Corridor Economic Region (NCER), and not only Penang. In view of this fact, we strongly agree with that Kedah deserves compensation for protecting and conserving Ulu Muda as a “NCER Water Basin”.

As such, Penang and PBAPP are fully supportive of any action by Kedah to seek Federal compensation for legally protecting and properly conserving Ulu Muda.

The rationale for Kedah to seek Federal compensation is based on 3 simple facts:

- Perlis, Kedah and Penang are 3 neighbouring states in Malaysia, not 3 different countries.
- In 2019, Perlis, Kedah and Penang contributed a total of RM147.8 billion to the Malaysian GDP and RM16.4 billion in tax revenue to the Federal Government.
- Under the National Water Services Commission (Suruhanjaya Perkhidmatan Air Negara - SPAN) Act 2006 (Act 654) and the Water

Services Industry Act (WSIA) 2006 (Act 655), the Federal Government has assumed responsibility for water supply services in Malaysia.

In summary, there is no reason or legal grounds for the Kedah Menteri Besar to single out Penang in demanding payment for abstracting raw water from Sungai Muda.

Whatever compensation Kedah is seeking for the legal protection and proper conservation of Ulu Muda should be from the Federal Government.

The UMBA Solution

The Penang State Government has recently proposed to the Federal Government to set up an “Ulu Muda Basin Authority” (UMBA) to manage Ulu Muda professionally and sustainably.

At present, no authority exists to manage Ulu Muda from the water resource standpoint, although 4.2 million people and thousands of businesses in Perlis, Kedah and Penang are highly dependent on the rain water that is collected by its 163,000 hectares of rainforests.

Setting up the UMBA is a proven and practical solution to the Ulu Muda issue because it is based on the Murray-Darling Basin Authority (MDBA). It will ensure the protection of the water catchment areas for the Muda, Pedu, Ahning and Beris dams in the NCER states.

In Australia, the MDBA is managing the Murray-Darling Basin since 2012 for the benefit of 5 Basin States: Queensland, New South Wales, the Australian Capital Territory (ACT), Victoria and South Australia. The MDBA operates independently and reports to the Australian Commonwealth Government which is its main funder. The 5 Basin States also contribute to fund the MDBA.

We should learn from Australia’s Murray-Darling Basin experience to resolve our Ulu Muda issue scientifically, rationally and sustainably.

Thank You.

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