

5.9.2022

Press Statement

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A FEDERAL MINISTER SHOULD FOCUS ON FEDERAL COMPENSATION FOR THE CONSERVATION OF ULU MUDA AND SUNGAI MUDA

- **It is the job of the Minister of Environment and Water to secure Federal funds from the Federal Government to conserve Ulu Muda and Sungai Muda instead of trying to force Penang to pay Kedah.**

PENANG, Monday, 5.9.2022: The Minister of Environment and Water should work on securing Federal compensation for Kedah instead of trying to force Penang to pay Kedah for water from Sungai Muda.

He is a Federal Minister. His salary is paid by the Federal Government and his ministry has access to Federal funds.

He should be aware that the people and businesses in Penang pay billions of ringgit in Federal taxes to the Federal Government every year. Penang accounted for an estimated *RM94.7 billion in GDP contribution and an estimated **RM10.5 billion in Federal tax revenue in 2019.

On the other hand, the Penang State Government tabled a 2022 state budget with a projected deficit of RM449.8 million.

As such, asking Penang to pay Kedah for raw water is akin to an act of trying to squeeze water from a stone.

If the Minister feels strongly that Kedah should be compensated to conserve Ulu Muda, he should focus on Federal compensation for Kedah. It is, after all, his job and his responsibility.

Instead of talking about “a moral obligation”, he should also face the facts:

Penang does not pay Kedah for raw water from Sungai Muda because there is no legal obligation that compels Penang to pay for raw water abstracted from Sungai Muda.

There is a good reason why there is no legal obligation for Penang to pay Kedah for raw water from Sungai Muda:

- The mid-point of a stretch of Sungai Muda defines part of the boundary of Penang and Kedah.

On its part, Perbadanan Bekalan Air Pulau Pinang Sdn Bhd (PBAPP) abstracts raw water from Sungai Muda in Penang territory.

PBAPP’s Lahar Tiang Intake is located in Seberang Perai, and not in Kedah. As such, PBAPP pays the Penang State Government raw water fees for abstracting raw water from Sungai Muda that flows through Penang.

Ulu Muda and Sungai Muda are NCER water assets

It is a fact that Ulu Muda, the water catchment area for Sungai Muda, is located in Kedah. However, the conservation of Ulu Muda does not only benefit Penang.

Kedah and Perlis are equally dependent on rainwater collected in Ulu Muda rainforests that subsequently flows into Sungai Muda.

Perlis, Kedah and Penang are three states within Malaysia’s Northern Corridor Economic Region (NCER).

In this context, Ulu Muda and Sungai Muda should be rightfully regarded as “NCER water assets” that serve three NCER states.

The Minister of Environment and Water should leverage on this “NCER water assets” angle in seeking to secure compensation for Kedah.

As far as the Penang State Government and PBAPP are concerned, we fully support the provision of Federal Government funds to Kedah for the

sustainable and long-term conservation of Ulu Muda and Sungai Muda.

However, it is up to the Minister of Environment and Water to get the job done.

Sources:

* Perlis, Kedah and Penang Socioeconomic Reports 2019, Department of Statistics Malaysia (DOSM)

** "Tax revenue constitutes 11.1% and non-tax revenue 4%, as percentage of GDP."
<https://www.thestar.com.my/business/business-news/2020/11/06/fiscal-policy-2021-highlights>

Thank You.

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