

18/9/2016

PRESS RELEASE 1:

OFFICIAL LAUNCHING OF BUKIT DUMBAR PUMPING STATION 2

## **PBAPP INVESTED RM89.5 MILLION TO ENSURE WATER SUPPLY SECURITY IN PENANG**

*by Y.A.B. Tuan Lim Guan Eng,  
Chief Minister of Penang, and  
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PENANG, Sunday 18/9/2016: A total of RM89.5 million has been invested in Penang this year to sustain good water supply for the benefit of 1.7 million people and thousands of businesses, including more than 300 multinational corporations.

In 2016, PBAPP has commissioned the following key water supply infrastructure projects:

- This new RM11.9 million Bukit Dumbar Pumping Station 2 (BD2), with a designed capacity of 270 million litres per day (MLD), to improve and “back-up” water pumping operations to the Bayan Lepas Free Trade Zone, the Penang International Airport and all southern areas of Penang Island;
- The RM54.9 million Package 12 of the Sungai Dua Water Treatment Plant to increase the water treatment output of an international award-winning treatment plant that is the biggest of its kind in Malaysia; and
- Two reinforced concrete treated water reservoirs to ensure 24-hours stand-by water storage in Jawi, Seberang Prai Selatan, costing RM16.7 million.
- A 900mm pipeline from Sungai Keluang, along Tun Dr. Awang, to the Penang International Airport roundabout costing RM6.0 million.

In August 2016, PBAPP has also completed critical pipe upgrading works at the Sungai Dua Water Treatment Plant, and pipe connection works in the Bayan Lepas area.

On behalf of the Penang State Government, I would commend PBAPP for “walking the talk”, by realising projects to avoid rationing in Penang at all costs.

Unfortunately, Penang has the “worst” water demand management in Malaysia, due to our low domestic tariffs. Our average domestic water tariff for the first 35,000 litres per month is RM0.32, as compared to RM1.31 in Johor and RM4.60 (which is equivalent to Singapore Dollar 1.52) in Singapore.

Our low domestic water tariffs, for the first 35,000 litres per month, have caused Penang to record the highest per capita domestic consumption in Malaysia in 2015, at 291 litres/capita/day (l/c/d) as compared to the national average of 209 l/c/d.

We need to reduce our per capita domestic consumption if we are to be green and not run out of water.

## **Raw Water Concerns**

However, the Penang State Government and PBAPP do not have control over Sungai Muda and other new raw water resources. We are a state with a small geographical footprint. Penang has been dependent on raw water from only one river, Sungai Muda, for the past 43 years.

This is the main reason why we signed agreements with the Federal Government to migrate to the National Water Services Restructuring Initiative (NWSRI). In doing so:

- We accepted the responsibility of settling RM655.2 million in State debts which were incurred, not by us, but by the previous State Government.
- We agreed to hand over Penang’s key water assets to Pengurusan Aset Air Berhad (PAAB) for 45 years, and to pay leasing charges to PAAB on an annual basis until we fully settle the past State loans.

- PBAPP accepted the conditions of becoming a licensed water operator in accordance to the Water Services Industry Act (WSIA).
- We agreed to pay an annual licensing fee to the Suruhanjaya Perkhidmatan Air Negara (SPAN).
- The Federal Government agreed to implement the Mengkuang Dam Expansion Project (MDEP), with a Federal grant of RM1.2 billion.
- The Federal Government also agreed to finance and undertake all future raw water resource projects for the benefit of Penang.

Penang has been honouring its commitments to the NWSRI agreements. In the period 2012 to 2015, we have paid a total of RM67.3 million in leasing fees to PAAB and in licensing fees to SPAN.

## **Federal Government Obligations**

The MDEP, which is being implemented by the Federal Government, has been delayed by 12 months. Moreover, the Federal Government is now proposing to reduce the size of the key pipeline that connects the MDEP to the Sungai Dua Canal.

This modified design will reduce the delivery of water from the dam to the canal by 40%, from 1000MLD to 600MLD. The Penang State Government strongly objects to this reduction as a breach of a promise made earlier.

It will also increase the time needed to fill up the expanded Mengkuang Dam to 2 years. What would happen if a drought happens during this period?

It is projected that MDEP may only be commissioned in May 2019.

Insofar as Sungai Muda is concerned, it seems that no action has been taken to stop logging in Ulu Muda.

Moreover, there has been no progress on the Sungai Perak Raw Water Transfer Scheme (SPRWTS) that Penang has been proposed since 2008.

Therefore, the time has come for the Federal Government to wake up and address the raw water needs of 1.7 million Malaysians and more than 300 multinational corporations in Penang today.

Please understand that “no water rationing at all costs in Penang” is not just for Penang’s benefit. It is also for the benefit of the country as a whole.

## **Critical Water Supply Initiatives for the NCER**

Instead of delaying and wasting more time, the Federal Government should immediately prioritise the following 6 initiatives for the benefit of Perlis, Kedah, Penang and North Perak in the Northern Corridor Economic Region (NCER):

1. Get Kedah to stop logging in Ulu Muda and to gazette the Ulu Muda Catchments to protect Sungai Muda as a raw water resource for South Kedah and Penang.
2. Compensate Kedah with Federal funds to preserve the Ulu Muda Catchments.
3. Allocate Federal funding for the SPRWTS for the benefit of North Perak and Penang, in accordance to the 2011 NWSRI agreements signed with Penang.
4. Complete the SPRWTS in 5 to 7 years, to meet North Perak and Penang’s raw water demand until Year 2050.
5. Play a more proactive and active role in protecting, managing and optimising all raw water resources in the Northern Region for the mutual benefit of Perlis, Kedah, Penang and Northern Perak, in line with the concept of the Northern Region Economic Corridor (NCER).
6. Prepare a water crisis management plan for the Northern Region, leveraging on all regional raw water resources, to minimise the risks, threats and negative impact of future prolonged dry seasons.

While waiting for the Federal Government to fulfill its obligations, the Penang State Government and PBAPP will continue to do all we can to avoid rationing in Penang at all costs.

Thank You.

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