

24th May 2016

PRESS STATEMENT

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SEEK FEDERAL COMPENSATION AFTER ULU MUDA CATCHMENTS ARE GAZETTED

Penang, Tues (24/5/2016): The Federal Government should compensate Kedah for protecting the raw water resources for about 3.8 million people in Perlis, Kedah and Penang... after Kedah gazettes the Ulu Muda water catchments.

On 22/5/2016, www.thesundaily.my published a report quoting the Kedah Menteri Besar as saying that Kedah is “bidding to receive” compensation from the Federal Government to protect the Ulu Muda water catchments. We have been advising Kedah to do this for many years.

However, please note that Kedah should gazette the water catchments in Ulu Muda before asking for compensation. Compensation is only relevant and due after the Ulu Muda catchments are properly surveyed, mapped out, gazetted and protected by law.

To make things clear: The Penang State Government and Perbadanan Bekalan Air Pulau Pinang Sdn Bhd (PBAPP) will support any bid by Kedah to seek compensation from the Federal Government, specifically for “gazetting and protecting the water catchments in Ulu Muda for the benefit of 3.8 million people in the Northern Region”; and not for any other reason.

8 REASONS WHY PENANG SHOULD NOT BE ASKED TO PAY

Meanwhile, Penang still stands by its riparian rights, or water rights, to abstract raw water from Sungai Muda without payment to Kedah. There are 8 good reasons for this:

1. Sungai Muda is a river that defines the boundary between Penang and Kedah but we are not two countries. We are two states in one country that both contribute to Malaysia's GDP;
2. In 1973, the late Tun Abdul Razak bin Hussein, the second Prime Minister of Malaysia, officially opened the "Sungai Muda Water Scheme" for the benefit of Penang. Since then, Penang has been abstracting water from the river at its own cost, using its own infrastructure, at no cost to Kedah.
3. In 1985, during a Parliamentary debate related to the realignment of Kedah-Penang state borders to the middle of Sungai Muda, it was noted that Kedah had agreed that Penang may abstract raw water from the Sungai Muda. There was no mention of charges. This "water guarantee" is, in fact, a pre-condition for a 1973 Asian Development Bank (ADB) loan arranged by the Federal Government for the Sungai Muda Water Scheme.
4. Sungai Muda is a naturally flowing river. Unlike Johor charging Melaka for pumping raw water to Melaka, Kedah is not pumping raw water to Penang.
5. Kedah has built dams to release water into Sungai Muda. However, raw water released from the Beris Dam and Muda Dam is primarily intended for abstraction by Kedah, via 14 water treatment plants and 6 irrigation intakes. We are only taking the balance of the water that is flowing to the sea, from our side of the river.
6. Penang has been abstracting water from Sungai Muda for 43 years, downstream of Kedah's treatment plants and irrigation intakes. Our abstraction activities have not, in any way, affected or compromised Kedah's capability to abstract water upstream.
7. Sungai Muda does not exclusively belong to Kedah. Under Article 11 of the Ninth Schedule of the Malaysian Constitution, it is stated that: "Federal works and power, including water supplies, rivers and canals, except that wholly within one State or regulated by an agreement between all the States concerned" is subject to the Federal Legislative List. The interpretation is that Sungai Muda should be under federal legislation.

8. In 2011, Penang signed agreements with the Federal Government to migrate to the National Water Services Restructuring Initiative. The agreement is that the Federal Government is obligated to guarantee raw water supply for Penang. Today, more than 80% of Penang's raw water is sourced from Sungai Muda daily.

As such, if Kedah needs compensation, Kedah should rightly seek compensation from the Federal Government... but only after the Ulu Muda water catchments are gazetted and protected by law.

Please note that gazetting of the Ulu Muda catchments will help to sustain and secure continuous good water supply not only for Penang, but for Perlis and Kedah as well. It is for the benefit of three states in the Northern Region.

Gazetting the catchments will also be an environmentally-friendly initiative. This action will help to conserve an important natural heritage area in the Northern Region, ensure the bio-diversity of pristine rainforests and protect the natural habitats of thousands of species of animals and plants. As such, Ulu Muda may be promoted as an eco-tourism destination in Kedah, for local and foreign visitors alike.

As such, in a larger context, it may be said that the Ulu Muda water catchments should be gazetted for the benefit of Malaysia, and Malaysians.

Thank You.

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