



Persatuan Pengguna Pulau Pinang Consumers Association of Penang

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Press Statement

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NGOs respond to Gamuda

We refer to the media statement by Gamuda issued on 16 May, 2023. Gamuda's defence of its Penang South Reclamation (PSR) project is self-serving and unsustainable. It has a vested interest in the mega reclamation project, expecting to make millions, perhaps billions, of profit. Therefore, its claims of the project benefitting the public must be taken with a pinch of salt.

The Penang state government appointed Halcrow, the transport consultants with vast experience, to prepare a transport blueprint for Penang. After public consultation, it came up with the Penang Transport Master Plan (PTMP) based on sustainable mobility, moving people rather than cars, and costing RM10 billion spread over a period of time. The state government wanted additional highways and a tunnel and the cost shot up to RM27 billion.

The Gamuda-led consortium (SRS) of engineering contractors and developers were appointed to implement the Halcrow plan. SRS radically departed from the Halcrow plan and ditched the recommended BRT (bus rapid transit) and tram for a monorail, LRT and additional highways. It also proposed the mega reclamation to finance the PTMP through the sale of plots of reclaimed land. The estimated cost zoomed further from RM27 billion to RM46 billion. Under the agreement with the state, SRS was to receive 6% of the total cost, which is RM2.76 billion.

Later, in 2021, the Penang government entered into an agreement with SRS to form a joint-venture company, with the state holding 30% equity and SRS 70%, to carry out reclamation work under phase one of the PSR. Now that the federal government has agreed to finance the PTMP to overcome traffic congestion, why is Gamuda pressing for the reclamation project. Do we need it and how will it benefit the people?

Gamuda claims that the latest Environmental Impact Assessment (EIA) went through a rigorous process and should be accepted and those disagreeing with it should go to court to challenge it. This is a red herring. Firstly, before any project is approved there must be a need for it in the public interest. Despite repeated demands by civil society organisations, the state government has failed to justify the reclamation. Initially it claimed it was needed to finance PTMP. That reason doesn't exist anymore with the Unity Government in power. If land is needed for development, there are 12000 hectares available in Seberang Perai.

Secondly, the EIA is flawed. It did not take into sufficient consideration that the project will result in the destruction of an important fishery in Penang which provides income for over 3,000 people and their families, and food – fish, prawns, crabs and other marine life – for the consumers.

In a letter on June 25, 2019, the former Department of Environment director-general advised the state government that the Penang South Reclamation will “cause permanent and residual impacts on mudflat ecosystems, fishing grounds, turtle landing areas, and some coral reefs in Pulau Rimau.” This permanent destruction will have a

significant negative impact on fisheries resources, fisheries and the security of national food supply”. Despite this warning, the EIA for the reclamation project was approved. That speaks volumes for the independence and objectivity of the EIA process.

Gamuda claims that over 93% of public comments on the EIA favoured the reclamation project. This is not a popularity contest. Those who approved the EIA should have scrutinised the grounds given by informed and knowledgeable CSOs and individuals for objecting to the project and give reasons why they were not accepted. They have not done so.

In addition, the company’s claims that “the PSI project has secured a high Social Impact Assessment approval rating of 79.1% from the local community, and more specifically, the support of 74.8% of the local fishermen,” was challenged during the EIA feedback process, as being exaggerated and misleading, and without proper basis. We pointed out that the sample size was way too small for such conclusions. All this was ignored, including opposition to the project by the State Fishermen’s Association, PEN-MUTIARA that represents 6,000 members.

In fact, we were shocked at the so-called ‘economic valuation of the environmental impacts’, which we have pointed out, is a gross economic undervaluation. **For example, the latest approved EIA quotes the unit price of shrimps as RM6,000 a ton in 2022, which works out to RM6 a kilogramme! This is indeed unbelievable,** for anyone who buys shrimps will tell you that the unit price is at least 10 times higher than what is stated in the EIA. Yet, such gross undervaluation is allowed in the EIA!

As regards the Ecology Offset Masterplan, Gamuda claims that the programme is designed to enhance marine biodiversity in the project vicinity. From what we have read, these are experiments which are being proposed to recreate what will be lost irreplaceably forever, like the mudflats, coral reefs and fishing grounds, which are classified as “trade-offs”, when in reality, what is being done is to write them off in perpetuity.

Destroying such natural and important ecosystems and replacing them with fake speculative options with the hope of enhancing marine biodiversity is highly irresponsible and unacceptable to us. This is not development but destruction!

We continue to maintain that the PSR project is unjustifiable. We stand firm in our opposition to the unwarranted PSR, and once again reiterate our call and appeal to the federal and state government to SCRAP THE PSR PROJECT.

We do not need a FANTASY Island!

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