

At the losing end

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BAUXITE MINING:
Much of the revenue has not been accounted for

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AS KUANTAN continues to be ravaged by bauxite miners, both legal and illegal, the state government, among the main benefactors from the export of the resource, finds itself being severely shortchanged.

To whom they are losing the millions to, had not been established.

The *New Straits Times* Special Probes Team has learnt that in the last three months alone, Kuantan Port, which has the basic capacity of handling some one million tonnes of bauxite each month, had tweaked its operations to facilitate Kuantan's bauxite export of 3.5 million tonnes each month.

The state government, however, it is understood, realised that despite the spike in output during that period alone (more than 10 million tonnes), only RM8 million went into its coffers, instead of the RM40 million (from the RM4 per tonne).

If these numbers are anything to go by, some 80 per cent of the earnings have not been accounted for.

With the state government moving to revise the levy on bauxite production from RM4 to RM8 per tonne, Pahang could see itself losing more revenue from the environmentally damaging industry.

The team also established that last year, the total bauxite output from the state was no less than 27 million tonnes (26.5 million tonnes as of November). This should have earned Pahang at least RM108 million last year from bauxite exports.

The state government, as well as those licensed to mine and export bauxite, have largely blamed illegal bauxite miners for the severe environmental degradation in the district of at least 400,000 people.

The team also understands that those illegally mining bauxite would have no problems exporting their ill-gotten gains.

The team spoke to several parties down the bauxite-export chain to establish how the state's "stolen" resource could be easily traded, as this is understandably a factor that had encouraged them to seek land to plough, all at the expense of public health and the environment.

Kuantan Port Consortium Sdn Bhd (KPC) chief operating officer Datuk Khasbullah A. Kadir told the team that as a "support operator", it was not for KPC to determine whether the goods the port was handling were legitimately sourced.

"It is not within our rights to check. We have no right to even open cargo to check, as they come under

the Customs' (Department's) authority.

"Once the consignment is approved and the papers are in order, we will process the cargo for shipment. We have no right to stop cargo but we would have no problems doing it if the rightful authority directed us to do so."

Khasbullah said as the port was being run as a business entity, as a service provider, it needed to cater to the demands of its clients, including by increasing its efficiency and capacity.

"So, when the volume (for bauxite export) increases, we have to look at creative ways to handle the surge."

Pahang Customs deputy enforcement director Datuk Sarip Ismail told the team that the department only allowed exports, including bauxite, if all the relevant papers were in order.

"This is based on the export permit issued by the Minerals and Geoscience Department.

"Customs allows the export of bauxite based on the permits issued by this department. Without it, it is a no-go.

"The issue of the volume exported not tallying with the revenue derived is an issue for the Minerals and

Geoscience Department to address," he said, adding that documents from the department would detail the volume of bauxite that was being exported.

Sarip also said it was not for the department to countercheck if exporters were paying the royalties expected of them, for every tonnage.

"The permit says how much they can bring out and Customs will then give its approval... as long as they have the export permit.

"All miners will go to the Minerals and Geoscience Department, which will issue them the permits. The department must make sure they pay the royalties accordingly before issuing the licence.

"The Customs has no jurisdiction there. We only need to ensure that they fulfil requirements as listed in the Customs No. 2 Form (Declaration of Goods Exported) and that it tallies with the Minerals and Geoscience Department's export permit," Sarip said.

He added that while it was not the Customs' duty to ensure that bauxite consignments were legally sourced, his department was not sure if the Minerals and Geoscience Department carried out its own due diligence.

"I really am not sure about the department's procedures".

He also pointed out that the state's Land and Mines Office had full jurisdiction to check if miners were licensed.

"They have to check during operations... if they are not, they have to immediately stop operations."

The Pahang government had, in August, said it had no plans to stop bauxite mining as it was a lucrative source of income for many in Kuantan, especially the low-income earners. Lorry drivers, for instance, could earn up to RM8,000 a month by transporting bauxite from mines to collection points for export.

Malaysia accounted for more than 40 per cent of China's bauxite imports last year.

Over the last three days, speculation of bauxite mining activities in the state being suspended for up to four months was rife. A press conference on the matter was supposed to be held yesterday, but was called off at the 11th hour.

The NST was, however, made to understand that a delegation from the Natural Resources and Environment Ministry would be in Pahang today to finalise several matters before a decision is announced.



Bauxite mining at Felda Bukit Goh in Kuantan. The Pahang government could see itself losing more revenue from the environmentally damaging industry. Pic by Luqman Hakim Zubir

