



**SPEECH BY
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***IN CONJUNCTION WITH*
10TH ANNIVERSARY OF INCORPORATION
OF SAMALAJU INDUSTRIAL PORT**

MONDAY, 30TH JANUARY 2023

**GRAND MILLENNIUM BALLROOM
PARKCITY EVERLY HOTEL
BINTULU, SARAWAK**

SALUTATION:

[TO insert the names of the distinguished guests]

1. Terlebih dahulu, saya ingin mengucapkan terima kasih kerana menjemput saya untuk memberi sedikit ucapan bersempena dengan Ulang Tahun ke-Sepuluh Penubuhan *Samalaju Industrial Port Sdn. Bhd. (SIPSB)*, sebuah anak syarikat Bintulu Port Holdings Berhad.
2. Saya ingin mengucapkan setinggi-tinggi tahniah di atas pencapaian SIPSB sebagai salah satu *Port Operator* di Malaysia yang berjaya mencapai tahap yang membanggakan.

Tuan-tuan dan Puan-puan,

Bintulu - sedikit sejarah dan latar belakang

3. Sekitar tahun 1960an, Bintulu hanyalah merupakan sebuah pekan perkampungan nelayan dengan penduduk seramai lebih kurang 5,000 orang. Ketika itu, MV Swee Joo hanya satu-satunya kapal yang berulang alik di antara Kuching-Bintulu. Di akhir tahun 1960an, sebuah lagi kapal MV Chin Chin, telah turut menyertai destinasi Kuching-Bintulu tersebut.
4. What Bintulu had at that time was a small wharf used by fishing boats and vessels that plied between Bintulu and Kuching and other towns.

5. However, the discovery of large reserves of natural gas in the offshore areas of Bintulu in 1969 brought significant transformation to Bintulu's economy and accelerated the development of the Bintulu District through the Bintulu Development Authority, a state agency, established in 1978.

6. Today, Bintulu hosts one of the world's largest LNG facilities in a single location, supported by a purpose built deep sea port for the export of LNG. In year 2022, over 24,893,043 tonnes of LNG were exported through the Port with 469 LNG vessels calling. The port also caters for the expanding palm oil plantations and mills, wood based products and containerized cargoes and the oil and gas companies operating in the areas off the coasts of Bintulu.

Development of Samalaju Port

7. The hinterland of Bintulu Port encompasses the area under the Sarawak Corridor for Renewal Energy (SCORE) which included the Samalaju Industrial Estate where multi national companies are setting up the plants. There was an obvious necessity for a Port at Samalaju to serve these new industries, to facilitate the importation of their raw materials, such as alumina and export of finished products like aluminum ingots.

8. In the exercise of its constitutional powers under Item 15 List IIA (Supplement to the State List for Sabah and Sarawak) in the Ninth Schedule of the federal Constitution, the State Government decided to build Samalaju Port, and constituted the Samalaju Port Authority under the Port Authorities Ordinance 1961 to regulate

this State Port. A total area of 393.4 hectares was allocated and gazetted by the State Government for the development of this Port.

9. The Sarawak Government granted a concession to Samalaju Industrial Port Sdn Bhd (SIPSB), a wholly owned subsidiary of Bintulu Port Holdings Berhad (BPHB), to build and operate the Samalaju Port for a period of 40 years beginning from the date of commencement of commercial operation of the Port - which was June, 2017.

10. Since its incorporation in 2012, SIPSB has successfully completed Samalaju Port which became fully operational by June 2017. SIPSB was able to raise funds through the issuance of a SUKUK bond fully guaranteed by BPHB, to finance the costs of the construction, equipping the Port, and the provision of essential facilities like conveyor belt systems and container yards. The total cost for the development of the Port was RM1.71 billion including dredging of navigational channels and breakwaters.

11. On this 10 Anniversary of SIPSB, I like to record the State Government's appreciation to the Company for building the Port and thereafter manage and operate it professionally. For the year 2022, SIPSB has reported operating revenues of RM164.6 million and cargo throughput of 6.6 million tonnes. It is projected with the steady growth of heavy industries at Samalaju, the Port would be handling over 10 millions tonnes of cargo by the Year 2030.

Ports and Harbours

12. Pursuant to the recommendations of the Inter-governmental Committee Report, 1962, legislative and executive authority over ports and harbours in Sarawak belong to the State, except those declared by federal law as federal Ports. Accordingly, Item 15 of List IIA was incorporated into the Ninth Schedule of the federal Constitution by the Malaysia Act, 1963. All port fees and dues derived from State Ports in Sarawak, were assigned to the State. The IGC also recommended that “in respect of port fees and dues, discrimination should not be introduced designed to divert shipping from current trade routes.”

13. It ought to be noted that, on Malaysia Day, there was no federal port in Bintulu or anywhere in Sarawak. In 1978, Parliament passed the Declaration of An Area in Bintulu District as a Federal Port Act (Act 217). This Act was passed without the mandatory request from the State Legislature of Sarawak as required under Article 76(1)(c) of the Federal Constitution. With the enactment of Act 217, Bintulu Port was declared a federal port. Parliament then passed the Bintulu Port Authority Act, 1981 to constitute the Bintulu Port Authority (BPA) whose functions were to build, control, administer and regulate Bintulu Port.

14. The objective of the federal Government to have a dedicated deep sea port for the export of LNG from Bintulu and to serve the needs of the oil and gas sectors in Sarawak, was accomplished when the Port became operational in 1981.

15. On the 1st January, 1993, BPA, pursuant to the Ports (Privatization) Act, 1990, granted a concession for the operation of the Port to Bintulu Port Sdn Bhd (BPSB) which is now wholly owned by Bintulu Port Holdings Berhad (BPHB) a company in which the Sarawak Government has 39.7% shares and PETRONAS and MISC Berhad together hold 30.8% shares, totalling 70.5% of BPHB's issued shares which are listed on the Bursa Malaysia. In short, since 1993, Bintulu Port has been ably managed and operated by a company in which the major stakeholders are the Government of Sarawak and PETRONAS and its shipping arm, MISC Berhad.

16. Bintulu Port principally serves the oil and gas industries especially the LNG Plants in which the State Government also has significant equity interests. Additionally, the Port serves a hinterland, which is within the State, in the Bintulu Area where economic development is accelerating particularly with the availability of more natural gas to be used for power generation, and the methanol and other petrochemical plants to be built at the Kidurong Industrial Estate.

17. The operation and future development of Bintulu Port must therefore be aligned with the development of its hinterland. Such development ought to be in accord with the State Post Covid Development Strategy 2030 which includes the following catalytic initiatives and key outcomes; namely:

- (a) Masterplan study for all ports in Sarawak;
- (b) 50% increase in port capacity;
- (c) Efficient port services;
- (d) 25% reduction in carbon emission from ports operations,
and
- (d) Sustainability practices in Ports.

Defederalizing Bintulu Port and a new Central Port Authority for Sarawak

18. The implementation of these development strategies for all Ports in Sarawak therefore must include Bintulu Port which should come under the jurisdiction of the State, as a State Port. This would enable the State Government to have a Masterplan for the development of all ports in Sarawak and to ensure each port plays its own special role in the promotion of trade and businesses and to enhance shipping connectivity with other major global transportation and logistics hubs.

19. The State Government wants Bintulu Port to be part of cluster of State Ports, under a Central Port Authority which would be incorporated by State law. This new Central Port Authority will streamline and coordinate the management, operation, planning

and development of all ports located in the State. This Authority will be able to ensure harmonization of port tariffs and dues for all ports in Sarawak. Bintulu Port's tariffs have not been revised or increased since 1993 and are lower than those of State Ports, thus diverting traffic from our State Ports. This is against the recommendation of the IGC that there should be no discriminatory port dues and fees amongst the Ports in Sarawak that would have the effect of diverting trade and maritime traffic from any of the Ports.

Management, operation and continued development of Bintulu Port

20. Going forward, the State Government would like to continue working with PETRONAS, as major stakeholders of the Port, to manage, operate the Bintulu Port and undertake the development this Port for the advancement of both Parties' strategic business interests, the attainment of sustainable development goals, to better serve its hinterland and other stakeholders and ensure its continued growth and success.

21. The State Government and PETRONAS have proven track record of successfully managing and operating Bintulu Port over the Years. With the same commitment and good co-operation between the State and PETRONAS, Bintulu Port will have the opportunity of transformation towards becoming a major Port or transportation hub in the Asia Pacific region.

22. The State Government would be in discussion with the Federal Government to discontinue Bintulu Port as a federal Port so that it can be administered and further developed as a State Port in accordance with the Strategies I have already mentioned. I call on the Shareholders, especially PETRONAS, and the Board of Directors, and Management of BPHB, to support this key development initiative and take the necessary measures within the ambit of the discharge of their fiduciary duties, towards the realization of this important objective.

23. Bintulu and, the SCORE area that is part of the Bintulu Port's hinterland, will, by the implementation of the Post Covid Development Strategy 2030, experience sustained economic advancement with new industries at the new Petro-Chemical hub in Kidurong and more foreign investors coming to Samalaju as well as more electricity power stations been planned at Samalaju and Kidurong. More exploration and oil and gas production activities will take place in the continental shelf off the coasts of Bintulu and Balingan. Bintulu would be the focal point for our new carbon capture utilization and storage (CCUS) industry and the production of hydrogen and other biofuels. The State Government wants Bintulu Port to be part of an economically vibrant Bintulu so that its shareholders and stakeholders are able to benefit from the economic growth and prosperity that the Sarawak Government has planned for Bintulu-Samalaju area when Bintulu Port becomes a State Port under the jurisdiction of the State.

24. Having said all these, I sincerely hope that the federal Unity Government fully understand the aspiration of the people of

Sarawak to have Bintulu Port put under the purview of Sarawak's administration.

25. I also believe that Petronas as a shareholder would also support this initiative that is aimed at enhancing and consolidating the role of the port as part of the overall development of the SCORE area.

26. Sekian, wabilahitaufik walhidayah assalamualaikum warahmatullahi wabarakatuh.