



11 July 2024

PAC MEDIA STATEMENT

1. Today, the Public Accounts Committee (PAC) has tabled the **Report on Forest Management and Environmental Impact under the Ministry of Natural Resources, Environment and Climate Change (NRECC) [currently known as Ministry of Natural Resources and Environmental Sustainability (NRES)]**.
2. This issue was selected after it was reported in the Auditor General's Report (LKAN) 2022: Special Audit on Forest Management and Environmental Impact that was tabled in Parliament on 22 November 2023.
3. This Report was tabled after four proceedings that were held by PAC on 12 December 2023 and 29 January 2024, summoning witnesses from the National Audit Department, NRECC, Ministry of Plantation and Commodities, Forestry Department of Peninsular Malaysia, Forest Department of Sarawak, Sabah Forestry Department, Department of Mineral and Geoscience Malaysia (JMG), Department of Wildlife and National Parks (DWNP), Department of Orang Asli Development (JAKOA), Federal Department of Town and Country Planning, Natural Resources and Environment Board of Sarawak and Sarawak Forestry Corporation.

4. Through those proceedings, PAC concluded that the estimated reserve of non-radioactive rare earth elements (NR-REE) in Peninsular Malaysia is 16.2 million tonnes, valued at RM810 billion. However, NR-REE mining is prohibited within the Permanent Forest Reserves (PRF). Therefore, a pilot NR-REE mining project has been conducted outside the PRF area in Kenering, Perak. Following this, the guidelines for NR-REE mining activities outside PRF areas were issued in December 2023.
5. In terms of enforcement, the Mineral Development Act 1994 [Act 525] only applies to lawful mining activities. Any legal action against illegal mining activities falls under the jurisdiction of the State Governments.
6. Logging activities within PRF areas occur only in forests classified as production forests, through a sustainable and selective approach, where only trees of a certain size can be felled. Licenses for logging activities are issued by the State Governments, and each state must adhere to the Annual Cut Ration (CTT) to ensure logging activities stay within the designated area of production forests. PAC has been informed that, to date, all states have complied with the CTT for the past 10 years.
7. Additionally, PAC was also informed that issues such as landslides and forest encroachment stem from enforcement weaknesses at the state level. Therefore, amendments to the National Forestry Act 1984 [Act 313] have been made to address these issues. Section 3A of the National Forestry (Amendment) 2022 (A1667) provides that the State Governments may, in writing, authorise any federal forestry officers to carry out enforcement. However, most State Governments have yet to use the Act.

8. PAC also acknowledged the statement by the Minister of NRES on 30 April 2024 that the reluctance of most State Governments to adopt A1667 has resulted in the failure to implement standard practices as outlined in the Act. This is due to the fact that the gazetting and management of forests fall under the jurisdiction of the State Governments. The authority of the State Governments is stipulated under Article 74(2) of the Federal Constitution as well as Section 7 and Section 10 of Act 313.
9. PAC also found that there are weaknesses in the implementation of the replanting of the Forest Plantation Development Programme. Therefore, the 79th National Land Council (MTN) Meeting, held in 2021, decided to implement a moratorium on approvals for new forest plantations within PRF areas in Peninsular Malaysia.
10. PAC concluded that habitat loss is the main factor contributing to human-wildlife conflict. Therefore, the Department of Wildlife and National Parks (DWNP) will make it compulsory for any projects involving wildlife habitats to comply with the Wildlife Management Plan (WMP). However, enforcement of mandatory compliance with the WMP is yet to be implemented because DWNP still awaits the transfer of authority under the Environmental Quality Act 1974 [Act 127] from the Department of Environment.
11. As an improvement measure, the PAC thus put forth to the Government 7 actionable recommendations in relation to this issue:
 - i. The Ministry of Natural Resources and Environmental Sustainability (NRES) shall table the outcomes of the pilot NR-REE mining project conducted within the PRF areas including its full details to the PAC.

- ii. NRES needs to promptly amend the Mineral Development Act 1994 [Act 525] so that action can be taken against illegal mining activities.
- iii. NRES needs to constantly seek commitments from the State Governments and Regions to reduce logging activities and focus on ecotourism activities and carbon trading initiatives to minimise negative impacts.
- iv. The Forestry Department of Peninsular Malaysia, Sabah Forestry Department, and Forest Department of Sarawak along with the State Governments and agencies involved in forestry and land management need to be more proactive in implementing effective monitoring and enforcement activities, including the use of the latest technology.
- v. In line with recommendation 4, the Public Service Department and State Governments also need to conduct staffing requirement studies to ensure adequate and skilled human resources to carry out consistent and effective monitoring and enforcement activities.
- vi. NRES needs to conduct engagement sessions with the State Governments to encourage the adoption of the National Forestry (Amendment) Act 2022 (A1667) to ensure standard practices as outlined in the Act are implemented.
- vii. NRES must also ensure the prompt delegation of responsibilities under the Environmental Quality Act 1974 [Act 127] to the Department of Wildlife and National Parks (DWNP). This will enable immediate implementation of Wildlife Management Plan compliance and enforcement to address human-wildlife conflicts.

12. The public can read the statements and findings of this Report by visiting the PAC website at www.parlimen.gov.my/pac.

Thank you.

Honourable Datuk Wira Mas Ermieyati binti Samsuddin
Chairman of PAC