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RM3b bond issue for Bakun dam project delayed again

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THE 2,400-megawatt Bakun dam's proposed RM3 billion bond issue has been delayed again to the end of the year, a source said.

The bond issue, to pay for the proposed deal, was expected at the end of last year but was postponed to the first quarter of this year.

The source said the bond is now expected to be issued by the end of this year due to ongoing negotiations on the details over the government guarantee for the hydroelectric project.

"It is not an issue of getting the government guarantee, it is only that certain details need to be ironed out first," he added.

Details will likely include spelling out elaborately the government guarantee and its legal and judicial framework, a source said.

Ultimately, the Government will want to support the strategic infrastructure project. It is just a matter of whether it will be backed with a loose or absolute guarantee.

Analysts said such a government guarantee is crucial if the bonds are intended for private investors who will demand a high level of safety.

They said the bonds will likely need to be rated by a credit rating agency such as Malaysian Rating Corp Bhd or Rating Agency Malaysia Bhd.

Sarawak Hidro, a former state agency, took over the private project after it stalled under the charge of businessman Tan Sri Ting Pek Khiing during the height of the 1997-1998 Asian financial crisis.

Former Prime Minister Tun Dr Mahathir Mohamad revived plans for the dam in 2001 after Sarawak Hidro spent about RM1 billion to restructure the project.

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