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Govt may issue bonds to pay for Airbus planes

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THE Government may raise funds through bonds to pay for the US\$1.5 billion

(US\$1 = RM3.80) purchase of six super jumbo A380-800s from Airbus SAS, Prime Minister Datuk Seri Dr Mahathir Mohamad said yesterday.

He said since the payments will not be made in a lump sum, government-owned Penerbangan Malaysia Bhd (PMB) will have enough time to consider various fund-raising alternatives.

"The Government has access to raise cheaper funds. We will find ways to raise funds through the Government," he told reporters after launching the Syariah Courts on-line database system - e-Syariah - in Putrajaya yesterday.

The deal for the double-decked 555-seater planes is expected to be signed in April, with delivery of the first three planes targeted for 2007, and the remainder a year later.

PMB, which is the holding company for Malaysia Airlines, will lease the planes to the national carrier.

The planes will serve Malaysia Airlines' long-haul European routes, including major hubs like London and Amsterdam.

On another issue, Dr Mahathir said the Government will be more prudent in its expansionary expenditure, aimed to further support the country's economic growth.

He said the government expansionary spending will be based on the money that the country has, or the amount of borrowings that it is able to afford. "People had always demanded for things to be constructed or provided by the Government, which we are not in a position to give.

"The Government is very careful with its spending. It is not about expansion but prudence. You would not survive up till now if you do not know to manage your funds," he added.