

PM: Finances of certain states improved thanks to PAAB handling water assets
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PUTRAJAYA: The finances of certain states have improved with lesser borrowings and better repayment of loans to the Federal Government mainly because their water assets have been handed over to the Pengurusan Aset Air Berhad (PAAB), said Prime Minister Datuk Seri Najib Tun Razak.

He said state borrowings from the federal administration had declined by 8.4% from RM19.1bil in 2010 to RM17.5bil last year.

Repayment of loans by the states also saw marked improvement with RM790.6mil paid last year compared to RM434.1mil in 2010.

"In some states, their finances are better after the handover the water assets. With the move, they can provide more (to the people and to repay loans)," he said after chairing the National Finance Council meeting on Thursday,

To date, PAAB has taken over loans for water supply projects involving five states amounting to RM3.49bil - Penang (RM655.2mil), Perlis (RM75.1mil), Negri Sembilan (RM1.12bil), Malacca (RM764.2mil) and Johor (RM873.7mil).

Najib, who is also the Finance Minister, said that a laboratory would be set up in October to determine reasons why some states were not spending allocation provided to them to carry out road maintenance works.

He said last year, some RM2.59bil had been channelled but most states did not fully utilise the allocation.

"This situation needs to be rectified to ensure the safety and comfort of road users. All state governments will be involved in the laboratory and a guideline will be formulated.

"After this, any states that fail to manage well the federal government's allocation for road maintenance may see the amount given to them be reduced," he said.

Najib also said the council was also briefed on the country's current economic situation, the projection for next year and the global economic outlook.

"We also discussed on the country's deficit reduction plans. It is on track and we will give the full figure in the 2013 Budget. We do not want to take away the thunder from the Budget," he said.

The government had set a fiscal deficit target of 4.7% of the Gross Domestic Product (GDP) for this year.

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