

Penang shows Najib's letter on China loan plan

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The letter does not contain any objection to Penang's plan but lays out some conditions the finance ministry requires states borrowing money to observe.

GEORGE TOWN: A letter from Prime Minister Najib Razak to Penang Chief Minister Lim Guan Eng on the state's plan to borrow a sum from a Chinese government bank was shown to the media today.

There was nothing in the letter that said the Federal Government was against the plan. However, it called for further discussions.

State executive councillor Chow Kon Yeow revealed the letter today following intense opposition to the loan application by Barisan Nasional parties in the state.

A Chinese bank offered to help with advance payment to reclaim three islands south of Penang. The reclaimed islands, in turn, will be used to finance the RM27 billion Penang Transport Master Plan (PTMP). The plan includes roads, highways and light-rail transit routes throughout the state.

Essentially, the contents of Najib's letter, as Finance Minister, dated May 31, 2016 are the same as mentioned by Lim before: asking Penang to pass an enabling legislation to allow the state to officially borrow monies from banks or financial institutions.

A few guidelines were laid out by Najib as well, including that all states in Malaysia taking loans could not exceed a five-year repayment period.

The letter also reveals that Penang government officials had briefed finance ministry officials at a meeting on June 10, 2015, on its plans to borrow money from China.

The Gerakan had recently accused the Penang government of not consulting the finance ministry before passing the state Loans Enactment 2017.

On a separate matter, Chow said BN parties which were unhappy with the loan and the implementation of PTMP could ask the Federal Government to help "take over" the project.

He said the BN must realise that it had failed to give Penang the LRT and other public transport infrastructure it sorely needed.

Chow said, therefore, Penang had no choice but to find ways to build its own public transport infrastructure by taking loans, reclaiming islands and more.

He said if Penang's opposition could convince Najib to take over the PTMP, it would hand over the reins of the project to the Federal Government.

Chow said asking the Federal Government for a loan to finance the PTMP was highly unlikely, as previous attempts to discuss such things by the Penang Pakatan government did not materialise.

"That is when we decided, let's go ahead and find a project delivery partner and not wait for Putrajaya," he said.

Chow said when the PTMP was briefed to bigwigs at the National Economic Council, there were no objections as the federal government was happy that Penang intended to finance the project on its own.

The BN Strategic Communications Team had recently expressed concerns about Penang taking up a loan from the Chinese government when Penang's administrative spending had gone up.

In a statement, the team said the administrative spending had gone up by 500%, and that the reduction in state land and assets, and the possible shrinking of Penang's reserves in the future, was cause for concern.

In response, the state government said Penang's finances were in the black and well managed, supported by positive comments from the auditor-general.

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