


4. PENANG WATER DEBT RESTRUCTURING

WHICH STATE HAS THE **LOWEST WATER DEBT** AFTER RE-STRUCTURING?

States	Water Debt before restructuring (RM million)	Water Debt in 2016 (RM million)	% Reduction or Increment
Kelantan	1,354	1,396	+3%
Perlis	406	357	-12%
Melaka	1,100	851	-23%
Negeri Sembilan	2,140	943	-56%
Johor	1,010	413	-59%
Perak	1,007	338	-66%
Penang	688	64	-91%



Penang is not the only state that restructured its water debt. However, Penang's water debt was **REDUCED BY 91%** and has been sustained as **THE LOWEST** amongst all the states.

1. PENANG WATER DEBT RESTRUCTURING

How much?


RM655.2 MILLION

Who incurred this debt?

**THE PREVIOUS
STATE GOVERNMENT
(BEFORE 2008)**

For what?

**KEY COMPONENTS OF THE
MUDA RIVER WATER SCHEME
& TELUK BAHANG DAM.**



In 2011, Penang and the Federal Government signed agreements to facilitate Penang's migration to the National Water Services Re-structuring Initiative (NWSRI). Penang's water debt was "re-structured", and **NOT WRITTEN OFF** by the Federal Government.

2. PENANG WATER DEBT RESTRUCTURING

Why did Penang opt to restructure its water debt?

- 1 **45-year interest-free** payment period.
- 2 **RM1.2 billion grant** for the expansion of the Mengkuang Dam.
- 3 Compliance with **Federal laws:** Water Services Industry Act 2006 & SPAN Act 2006.
- 4 **Federal funding** for all future raw water resource projects for Penang.
- 5 Option to **source funding** from Pengurusan Aset Air Berhad (PAAB).



3. PENANG WATER DEBT RESTRUCTURING

Did the Federal Government “reduce” Penang’s water debt?

NO.

- a Penang had to surrender water assets valued at RM665 million to Pengurusan Aset Air Berhad (PAAB) for 45 years.
- b PBAPP has to pay RM655.2 million over 45 years to “lease” the assets from PAAB to supply water in Penang with an annual payment of RM14.56 million.
- c As such, the Federal Government has “re-structured” Penang’s water debt. **HOWEVER, the amount to be paid back remains the same.**

Nevertheless, Penang’s water debt is the **LOWEST IN MALAYSIA** in 2016, at only RM64 million.

