

## **Putrajaya to use RM5b of Kwan's fund for vaccine programme**

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Putrajaya will use RM5 billion from the National Trust Fund (Kwan) to cover its Covid-19 vaccination programme.

This amounts to 25.6 percent of Kwan's RM19.5 billion value as of Dec 31, 2020.

At a press conference in Putrajaya today, Finance Minister Tengku Zafrul Abdul Aziz assured that the money will be used for the programme and nothing else.

Zafrul said the country is experiencing a crisis that warranted tapping into Kwan.

"This crisis we are facing now is not just an economic crisis like in 1998 and 2008. This is a simultaneous health and economic crisis," he said, noting that the economy had shrunk by 5.6 percent last year.

"Vaccination is the key to reviving the economy and Kwan's objective is to protect future generations. There is no better way to protect the rakyat than to

ensure herd immunity," he added.

1MDB's debt could have paid for vaccines

Zafrul explained that Petronas - Kwan's sole funder since 1988 - had channelled RM10.4 billion into the fund and hence the RM5 billion needed for the vaccination programme will not touch the capital.

To ensure the people's well-being in the long term, Zafrul said the government was unable to take on more debt, as it already had RM1 trillion in debts and government liabilities.

"This includes borrowings without a source of repayment such as 1MDB and private finance initiatives (PFI) for off-balance sheet spending.

"As an example, the government's debt obligations for 1MDB of RM40 billion is enough to pay for eight vaccination programmes," he added.

1MDB was the brainchild of former prime minister Najib Abdul Razak, who incidentally has been very critical of Putrajaya's decision to tap into Kwan.

Najib was convicted for misappropriating RM42 million from SRC International

and is facing trial for misappropriating RM2.3 billion in 1MDB money.

Zafrul said that due to these "legacy" problems, Putrajaya now has very limited fiscal space.

"We don't want to burden future generations with inappropriate excessive debt. Now the government is servicing debt charges for debts that are not productive and liabilities that are made off-budget.

"The government is responsible for the current generation because they are affected (by the pandemic). Success for future generations is not certain.

"Hence the government is committed to increasing Kwan's fund when the crisis ends and the government's finances are strong again," he added.

PN will not go off-balance sheet

Zafrul said Putrajaya was committed to ensuring that the government stays below the 60 percent debt-to-GDP ratio, noting that the statutory debt was estimated to reach 58.5 percent of the Gross Domestic Product (GDP) at the end of this year.

He said that although the government's statutory debt had risen 120 percent between 2008 and 2017, government guarantees had risen to 240 percent.

1MDB, for instance, cost the government RM1.7 billion a year in repayment. 1MDB Energy Ltd dan 1MDB Energy bonds will also mature in the next two years, which will cost the government an estimated RM27 billion.

"Without these commitments, such as PFI and 1MDB, the government would have been able to finance all our (vaccine) needs.

"Based on the principles of accountability, the Perikatan Nasional (PN) government will not spend off-budget. We have not and will not repeat this same practice!" said Zafrul.

Zafrul was also critical of the previous Pakatan Harapan government's decision to scrap the goods and services tax (GST) in 2018, despite knowing that the government's debts and liabilities amounted to RM1 trillion.

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