

Govt to raise debt-to-GDP ratio in newly tabled Temporary Measures Bill on Covid-19

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THE government will be raising the country's debt-to-GDP ratio to 60% from the current statutory limit of 55% in the Temporary Measures Bill on Covid-19 that was tabled in the Parliament yesterday.

The bill will also see the establishment of a RM45 billion Covid-19 Fund, which accounts for the government's direct fiscal injection into the Prihatin Rakyat and short-term National Economic Recovery Plan stimulus packages.

The fund will be incorporated into the Second Schedule to the Financial Procedure Act 1957 (Act 61).

The proposed legislation was tabled by Deputy Finance Minister Mohd Shahar Abdullah.

Should the bill be passed, it is deemed to have come into

operation on Feb 27, 2020, and will remain effective until Dec 31, 2022.

Two existing laws, which currently set the debt ceiling at 55% of GDP, will be suspended throughout the period.

Money allocated under the Covid-19 Fund can only be used for programmes listed in the stimulus packages, which include wage subsidy incentives, up-skilling projects, grants for small businesses, micro-credit loans and electricity bill discounts.

Funds allocated for a programme can be used for another if there is a surplus.

If there is any balance from the Covid-19 Fund, the money will be put into the development fund listed in Act 61. If there is any amount payable upon the expiry of the spending bill, the money will be paid in six months.

The Covid-19 bill, however, did not seem to be easily accepted by all quarters as expressed by Opposition lawmaker Wong Chen who said it was not what most had anticipated.

He added that the bill was



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expected to include temporary legal provisions which would protect individuals and businesses who are facing difficulties to make payments and meet the terms of

their contracts and agreements due to the pandemic.

Prime Minister Tan Sri Muhyiddin Yassin first announced plans for a temporary measures bill in

June, which he said would offer some relief from certain contractual obligations and financial distress for the revival of the economy.

International Trade and Industry Minister Datuk Seri Mohamed Azmin Ali last month said the bill would include initiatives to regenerate the economy that has been severely impacted by the pandemic.

Law Minister Datuk Takiyuddin Hassan, in a written parliamentary reply two weeks ago, said the new law would empower the minister to determine "the mediation platform for affected contract participants to resolve their disputes amicably".

State news agency *Bernama* quoting Domestic Trade and Consumer Affairs Minister Datuk Alexander Nanta Linggi last month as saying that the bill would protect consumers in credit sales transactions.

He said this would involve amendments to the Consumer Protection Act 1999, which is expected to alleviate some difficulties relating to monthly instalment payment and provide flexibility to those facing difficulties in the Covid-19 period.