

# 'GOVT COMMITTED TO REDUCING NEW DEBT'

To achieve that, the country needs to be managed well, says Anwar

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**T**HE government is committed to reducing new debt as a short-term measure to improve the country's financial capacity.

Prime Minister Datuk Seri Anwar Ibrahim yesterday said in 2021 and 2022, new debt stood at RM100 billion.

"The amount was reduced to RM93 billion in 2023 and reduced to RM86 billion this year.

"From RM100 billion under the previous administration, we reduced it to RM86 billion, but this cannot be reduced dramatically because we still need a development agenda."

He said this in his keynote address at the National Tax Conference.

Present were Deputy Finance Minister Lim Hui Ying, Treasury secretary-general Datuk Johan Mahmood Merican, Chartered Tax Institute of Malaysia president Soh Lian Seng and Inland Revenue Board (IRB) chief executive officer Datuk Dr Abu Tariq Jamaluddin.

Anwar said the reduction was also a result of the government's efforts to reduce its fiscal deficit.

"This year, it is projected to decrease to 4.3 per cent of the gross domestic product (GDP), with the fiscal deficit last year (2023) at five per cent and in 2022 at 5.6 per cent.

"To achieve that, the country needs to be managed well. There must be no leakages or misappropriation, or the rakyat and the country will suffer."

He said the government was committed to lowering the national debt from 64 per cent to 60 per cent of the GDP.

He added that the money borrowed to settle previous debts constituted the biggest burden on the government.

Citing the 1Malaysia Development Bhd case, he said the government had paid off RM48 billion in debts incurred by it.

"The amount could have been



Prime Minister Datuk Seri Anwar Ibrahim speaking at the National Tax Conference in Kuala Lumpur yesterday. PIC BY AZIAH AZMEE

used for the benefit of the people, such as for building schools and hospitals, or even for salary adjustments for civil servants.

"So I emphasise that the management of the economy is crucial.

"There must be no wastage or misappropriation because it is the people and the nation that will bear the burden.

"Can I ignore that debt and refuse to pay it because it was incurred under the previous administration? No, I cannot.

"Even though I am the prime minister, I am bound by past events, and at the same time, I have to consider future generations."

He took a jab at the opposition for accusing him of not giving the right answer about the increase in the national debt.

"They say that the debt keeps increasing, but they don't see the real reason why.

"The government borrows money every year to finance development and settle its previous debts."

He urged the IRB to increase its efficiency to ensure better tax collection.

He said the board played a big role in ensuring Malaysia's financial stability.

He said the country's tax base was small at 11.7 per cent of the GDP, compared with Vietnam at 17 per cent, the Philippines at 18

per cent and Singapore at 13.8 per cent.

"So efficiency is more challenging than in countries with bigger tax bases."

He said efficiency must be improved with digitisation and new measures.

"I hope the IRB can increase the revenue from tax collection beyond the projected target.

"Every cent and ringgit must be paid, but at the same time, it should not burden the people and companies more than the set limit."

Meanwhile, he gave an assurance that the subsidy rationalisation on RON95 would not arise at this moment.

He said the government wanted to focus on explaining the rationalisation of diesel subsidies to the people first.

"I said that if there is a problem with diesel, let me know.

"We don't want to burden the people, but if we don't do it (the subsidy rationalisation), the country's revenue won't increase," he said after officiating at the conference.

On July 10, Economy Minister Rafizi Ramli told the Dewan Rakyat that the government was withholding details on subsidy rationalisation to prevent traders from exploiting the situation.

He said advance notice could lead to pre-emptive price hikes by traders.