

PM: 1MDB DEBT GOVT'S LARGEST LIABILITY

RM42 billion out of RM51 billion paid so far, says Anwar

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THE 1Malaysia Development Bhd (1MDB) debt remains the government's largest liability, said Prime Minister Datuk Seri Anwar Ibrahim yesterday.

Anwar said the 1MDB debt, inherited in 2018, consists of a principal of RM34 billion. Additional interest commitments of RM17 billion bring the total liability to about RM51 billion, of which RM42 billion has been paid.

He said this during Prime Minister's Question Time at the Dewan Rakyat.

He added that the government has managed to recover RM29 billion, thanks to the Attorney-General's Chambers, the Finance Ministry and the Malaysian Anti-Corruption Commission.

Meanwhile, he said the country's debt figures should not be used to mislead the public, and that some parties were twisting statistics to create misunderstanding about the actual situation.

"I want to clarify the meaning of statutory debt. As defined by law, statutory debt refers to the total amount of our borrowings, excluding the small portion of external debt and treasury bills.

"There has been a decrease in the figures, but the important question is: what is the cost?

"We can reduce debt immediately, but at the expense of the people. That is a decision that must be considered.

"For example, from RM100 billion in new debt, we have reduced it to RM70 billion.

"We could lower it to RM20 billion next year, but then state governments should not request allocations."

He was responding to a supplementary question from Syahredzan Johan (PH-Bangi), who sought clarification following claims by economic and financial experts that the government's debt had exceeded the statutory limit.



Prime Minister Datuk Seri Anwar Ibrahim says the 1MDB debt was inherited by the government in 2018. BERNAMA PIC

He said any reduction should reflect the country's ability to continue essential projects, such as flood mitigation, basic infrastructure, education, healthcare and other critical needs.

"I do not think this issue should cause confusion, because when there is a projected lower deficit, it means that the debt burden will also decrease.

"For instance, total debt obligations have been reduced as we pay according to scheduled repayment timelines.

"Our projections for 2027 and 2028 show a plateau.

"If this trend is maintained by the government, the pressure of debt will begin to ease by late 2028 or 2029. So measures to reduce the deficit must be carried out without delay."

Anwar, who is finance minister, said the government is strengthening fiscal governance through the Public Finance and Fiscal Responsibility Act 2023, which sets the national deficit target at three per cent and a debt ratio of 60 per cent in the medium term.

"The deficit, as I mentioned during the tabling of the Budget, has decreased to five per cent in 2023, 4.1 per cent in 2024, and 3.8 per cent in 2025. Our projections indicate a continued decline."

He added that he had also clarified confusion concerning total debt.

"The new debt was RM100 billion in 2021, and it is now RM70 billion to RM75 billion.

"That is why, when we look at deficit statements incurred, until

the end of December this year, it results in a federal debt of RM1.3 trillion to RM1.5 trillion."

He said statutory government debt stands at 64 per cent of gross domestic product, below the statutory limit of 65 per cent.

"Similarly, offshore borrowings total RM22.4 billion, below the set limit of 35 per cent.

"Treasury bills have not exceeded the limit. They stand at RM4 billion, whereas the limit is RM10 billion"

He refuted claims that the government is overspending on mega projects, including Penang's Muar Line LRT, following criticism that its cost had risen to RM17 billion.

Responding to suggestions that the funds should be channelled to other priorities, he described the allegation as an example of "twisted facts".

"Why does Penang have an LRT? Why is it not mentioned that the East Coast Rail Link costs between RM40 billion and RM50 billion, benefiting Kelantan and Terengganu?"

"We did not question it because it was underway. The only difference is that the current government has managed to reduce its cost and ensure that subcontracting work goes to domestic companies"

He was responding to Datuk Rosol Wahid (PN-Hulu Terengganu), who questioned spending on mega projects such as the Penang LRT and Kota Madani when other priorities should take precedence.