

1MDB debt is still Malaysia's laiciest fiscal burden

KUALA LUMPUR: The 1MDB scandal remains Malaysia's largest debt burden, with nearly RM50bil in liabilities still weighing on federal finances, says Prime Minister Datuk Seri Anwar Ibrahim.

He said the government has already paid RM42bil to service 1MDB's principal and interest obligations, while recoveries from various enforcement efforts have so far returned RM29bil to public coffers.

"However, the pressure from 1MDB remains. We still have about RM13bil left to settle," he told the Dewan Rakyat, adding that the legacy debt continues to narrow the government's fiscal space.

Anwar said the administration is strengthening fiscal governance through the Public Finance

and Fiscal Responsibility Act, which sets medium-term targets of a 3% fiscal deficit and a 60% debt-to-GDP ratio.

The Prime Minister said the government would continue managing liabilities prudently through fiscal consolidation and subsidy reforms, including the restructuring of RON95 and by leveraging private-sector participation under the Public-Private Cooperation Master Plan (Pikas).

"These reforms are necessary to safeguard our fiscal capacity and ensure long-term stability," he said.

The Prime Minister rejected claims that the government is overspending on major infrastructure projects, saying critics ignore the wider benefits of federal investments reaching multiple states, including Terengganu.

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He was responding to Hulu Terengganu MP Datuk Rosol Wahid, who had questioned the cost of the Penang Light Rail Transit (LRT), which had increased from RM10bil in 2023 to RM13bil and later RM17bil.

Anwar said the criticism overlooked the scale and significance of other national infrastructure projects.

"The facts are being distorted. Why not mention that the ECRL costs RM45bil and benefits many states, including Terengganu?"

"We never questioned it because the project was already underway. What we did was reduce the cost and ensure more subcontracting went to local firms," he said during Minister's Question Time.

He said Penang has not received any large-scale federal development project in the past five years, adding the project is not entirely development expenditure and that part is funded through bonds which must be repaid.

He also addressed criticism of

the Kota Madani development, saying that it is a project under Putrajaya Corporation and not funded by the federal government.

"Why be angry with civil servants? Kota Madani is meant to provide 10,000 homes and offices for public officers. This is not a mega city Or twin-tower project - it's a township," he added.

Anwar said the project is necessary because Putrajaya lacks adequate housing for government staff.

"I'd like to see the Hulu Terengganu MP go to Putrajaya and tell civil servants he does not support proper housing for them," he added.

Rosni later clarified that his concern was not with civil servants but with government spending.