

Sunday, Jun 02 2019



PETALING JAYA: Cost rationalisation of overpriced projects was why the government had been successful in reducing the nation's overall debt and liabilities to 75.4% last year, says Lim Guan Eng.

"One example has been the ability of the government to control and reduce its overall debt and liabilities to 75.4% of the GDP in 2018 from 79.3% in 2017, as announced by the newly established Debt Management Committee," said the Finance Minister.

Although acknowledging a rise in direct government debt, he said that the 3.9% drop in overall government debt and liabilities was due to successful cost rationalisation of both overpriced mega projects and Public Private Partnership (PPP) payments.

"The Federal Government's debt and liabilities would have risen higher, were it not for various cost rationalisation efforts done by the present government on the East Coast Rail Link (ECRL), Mass Rapid Transit 2 Line (MRT2), Light Rail Transit 3 (LRT3) and other megaprojects," Lim said in a statement on Sunday (June 2).

He cited renegotiations for the projects helped the government shave off RM15.02bil for the LRT3, RM8.8bil for the MRT2 and RM21.5bil for the ECRL.

"Yet another example is the cancellation of the two pipeline projects under Suria Strategic Energy Resources Sdn Bhd (SSER), in which 88% of the RM9.4bil total cost has been paid despite only 13% of work purportedly done," he added.

Lim noted that the largest contributor to the decline was the 6.8% reduction in PPP payments which were incurred under the previous administration which fell to 15% last year compared with 21.8% in 2017.

He said that committed government guarantees rose by 1.8 percent point to 9.2% of GDP in 2018 from 7.4% in 2017.

"The rise in committed government guarantees was caused by the continuing payments for various existing infrastructure projects," he added.

Lim said that the government will continue to reduce its overall debt and liabilities, and not just the direct debt component.

"The government's newly established Debt Management Committee is pressing on with its fiscal consolidation exercise to slow down the growth of direct government debt, without affecting the economy's growth," he said.

He added that this exercise, along with cleaner and good governance, will help reduce the overall debt and liabilities of the government further in 2019 and beyond.