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(File pic) Finance Minister Lim Guan Eng said the strategies and plans which were formulated by the DMO would be presented to the Fiscal Policy Committee chaired by the prime minister.
(NSTP/AHMAD IRHAM MOHD NOOR).

PUTRAJAYA : The government has set up the Debt Management Office (DMO) effective immediately to roll out strategies in efforts to reduce Malaysia's financial burden and put the plan into action.

Finance Minister Lim Guan Eng said the strategies and plans which were formulated by the DMO would be presented to the Fiscal Policy Committee chaired by the prime minister.

As announced on Nov 2 last year during the 2019 Budget speech, the DMO would be set up to review and manage the government's debt and liabilities.

"The office will oversee the issuance and propose the structure of debt belonging to the federal government, all statutory bodies and the government's special purpose vehicles (SPV) in a holistic manner.

"The Pakatan Harapan (PH) administration intends to cut the incidences of having expensive and irresponsible debt servicing payments arising from weaknesses in debt issuance coordination," Lim said in a statement.

The establishment of the DMO, he added, was an effort by the administration to overcome and resolve the problem of hidden government debt and liabilities, which had grown in excess of RM1 trillion in 2017.

"The office is among the institutional reforms carried out to strengthen the government's fiscal position that is closely monitored by international credit rating agencies."

Lim said the DMO would perform the following duties:

- schedule bond issuance and overall borrowings by the Government, statutory bodies and government-owned companies in an orderly fashion to attain the cheapest interest rates and coupon payments;
- restructure the relevant bonds and borrowings where possible to save finance costs by reducing debt repayments; and,
- formulate strategies to reduce the government's debt and liability burden.

Lim said the DMO was designed to keep government debt and liabilities in check by preventing it from growing out of control, while ensuring that reckless borrowing made without valid reasons would no longer occur.

He said Prime Minister Tun Dr Mahathir Mohamad had given his nod to the setting up of the office, which would be chaired by the finance minister.

The DMO will comprise:

- Chief Secretary to the Government Datuk Seri Dr Ismail Bakar;
- Treasury secretary-general Datuk Ahmad Badri Mohd Zahir;
- Economic Affairs Ministry secretary-general Datuk Saiful Anuar Lebai Hussien;
- Bank Negara Malaysia (BNM) Governor Datuk Nor Shamsiah Mohd Yunus;
- Securities Commission executive chairman Datuk Syed Zaid Albar;
- Permodalan Nasional Bhd Group chairman Tan Sri Dr Zeti Akhtar Aziz;
- Accountant-General Datuk Saat Esa;
- PricewaterhouseCoopers (PwC) Malaysia executive chairman Datuk Mohammad Faiz Azmi; and,
- Economic Adviser to the Prime Minister Dr Muhammad Abdul Khalid.