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Definition of statutory debt has not changed since 2009 – Tengku Zafrul

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KUALA LUMPUR, March 24 – The definition of the country's statutory debt has not changed since 2009, Finance Minister Tengku Datuk Seri Zafrul Abdul Aziz said.

"The types of debts calculated under this statutory limit are under the Act adopted by the government since 2009, not my interpretation alone," he said in a Facebook posting when presenting the 46th Implementation and Coordination Unit Between National Agencies (LAKSANA) report today.

Tengku Zafrul reiterated that the statutory debt limit has not yet exceeded the 60 per cent debt ceiling and the total debt for the three government-issued instruments at end-December 2020 was 58 per cent of gross domestic product (GDP).

At end-February 2021, the total debt was 54 per cent of GDP and it is expected to reach 58.5 per cent in 2021.

"In a normal economic situation, the government needs to balance between spending for the people and the nation debt ratio.

"However, when the country is in an economic crisis, then, the need for spending for the people will be greater, causing the debt level to also increase," he said.

Tengku Zafrul said although the debt had increased following the government's injection of RM340 billion into the economy through a series of stimulus packages, it still has not exceeded the statutory limit.

The Ministry of Finance (MoF) will continue to monitor the country's debt to ensure that it is under control to maintain the confidence of investors and international agencies, he said, adding that without their confidence, the people would be affected by various negative effects such as lacks of job and business opportunities.

"The debt can be good debt, as well as bad debt. Good debt is like loans that we take to cover the cost of initiatives to help the people and save jobs.

"Loans to develop infrastructure for the people such as highways and other public facilities are also examples of good debt. What is bad debt? Bad debt is debt that does not bring any economic benefits or benefits for the people," he said.

Tengku Zafrul said there were some debts that the government had to manage today due to the legacy debt burden.

"Although these debts are not debts made by the current government but there are still debts that we have to manage. The effect is huge but we are trying to manage it," he said.

Tengku Zafrul said however, this was not an excuse for the government not to spend for the people.

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