PRESS CITATIONS

Govt denies claim that Emergency Ordinance was used to boost spending over debt limit

PRESS CITATIONS | 26 MAY 2021

KUALA LUMPUR, May 26 -- The government has never used the Emergency Ordinance to raise revenue or increase spending beyond the statutory debt ceiling approved by Parliament in August 2020, Finance Minister Tengku Datuk Seri Zafrul Abdul Aziz said.

Parliament voted in August last year to increase the debt limit to 60 per cent of Gross Domestic Product from 55 per cent previously.

Tengku Zafrul said government loans amounted to RM81.8 billion as of April 2021 and about RM99.3 billion as of this month, not RM115.53 billion as claimed by certain quarters.

“All government loans are based on expenditures approved by Parliament during the Budget 2021 tabling,” he said in a video posted on Facebook today.

In the post, he denied various unfounded claims including the government had raised RM115.53 billion up to May 2021 in order to spend at will and that the government’s borrowings and spending activity lacked transparency amid the state of emergency.

He also replied to allegations that the “loans” were additional funds and the due government assistance was not given during the Movement Control Order 2.0 and 3.0.

On funds raised by Petronas and Khazanah Nasional Bhd, Tengku Zafrul said the companies took the loans for their respective capital and cashflow requirements.

“These are their debts, not the Federal Government’s debts,” he stressed.

He also explained that the government of the day did not obtain off-balance sheet financing, unlike the previous government whereby the federal debt jumped more than 120 per cent between 2008 and 2017 while total government guarantees surged by over 240 per cent.

On legacy debts of 1Malaysia Development Bhd (1MDB), SRC International and Suria Strategic Energy Resources (SSER) amounting to over RM40 billion, Tengku Zafrul noted that RM15.5 billion of 1MDB and SRC’s debts had been repaid by the government to-date.

However, there remains more than RM42.3 billion in debts comprising both principal and interest.

“Just imagine how many people we could have helped during this pandemic if this amount of nearly RM58 billion were available for use.

“Don’t mean to stir up (something unpleasant), but this is highly relevant to the national debt issue and the government’s fiscal ability to assist the people,” he explained.

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