

MEDIA RELEASE

MINISTRY OF FINANCE MALAYSIA

The Debt Management Office Established to Strengthen the Government's Fiscal Position

As announced on 2 November 2018 during the 2019 Budget Speech, the Debt Management Office (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 administration intends to cut the incidence of having expensive and irresponsible debt servicing payments arising from weaknesses in debt issuance coordination.

The establishment of the DMO is an effort by the administration to overcome and resolve the problem of hidden government debt and liabilities, which have 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. The DMO will 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;
- Formulate strategies to reduce the Government's debt and liability burden.

The DMO is 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 will no longer occur. The establishment of the office has been agreed to by the Prime Minister, YAB Tun Dr Mahathir Mohamad and it will be chaired by the Finance Minister of Malaysia, YB Tuan Lim Guan Eng.

The members of the DMO are as follows:

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

The DMO will come into effect immediately in order to craft the necessary strategies to reduce the country's financial burden and put the plan into action. The formulated strategies and plans will be presented to the Fiscal Policy Committee chaired by the YAB Prime Minister.

Sayangi Malaysiaku!

Lim Guan Eng

Minister of Finance

Finance Ministry of Malaysia

Putrajaya

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