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Treasury sec-gen refutes Pua's deficit 'time bomb' claim

BY SUPRIYA SURENDRAN

KUALA LUMPUR: Treasury secretary-general Tan Sri Dr Mohd Irwan Serigar Abdullah (*pic*) has dismissed an opposition lawmaker's claim that the huge deficit of non-financial public corporations (NFPCs) is a "time bomb", saying debts under the government's contingent liabilities are guaranteed.

"NFPCs are government-linked companies with huge investments, and they have their borrowings," he said yesterday. "Everybody needs to invest."

Responding to Petaling Jaya Utara member of parliament Tony Pua's claim over the weekend that the spending deficit of NFPCs is the "biggest time bomb to Malaysian public finance", Mohd Irwan Serigar said: "It's a contingent liability, but it's not a time bomb kind of thing as they (NFPCs) can repay their loans. They are big entities with large resources."

"For example, Tenaga Nasional Bhd and Telekom [Malaysia] Bhd, they are making profits. If they [have] borrowings for their project, [are you] going to say it's a time bomb?"

"They are all viable; that is why we are guaranteeing them," he added.

Mohd Irwan Serigar, who was speaking at a post-Budget-2017 dialogue organised by the Malaysian Economic Association yesterday, refuted Pua's statement that the government has hidden the bulk of its excessive spending under NFPCs to "maintain a semblance of a moderate budget deficit."

"In the first place, we won't publish our external debt and contingent

liabilities if we are trying to hide. We are telling the whole world this is the amount of debt level and contingent liabilities that the government has.

"So don't worry, the country is financially stable. There are countries with over 100% debt levels and we are below 55%," he said.

Mohd Irwan Serigar was also asked at the dialogue to state how much 1Malaysia Development Bhd (1MDB) had contributed to the country's external debt, which stood at RM848.2 billion as at June 2016.

"I am the chairman of 1MDB and I will answer that: Not a single sen of 1MDB's debts [form part] of the external debt," he said.

PHOTO BY SAM FONG

Deutsche Bank Singapore vice-president and economist Diana Rose del Rosario, who was a panellist at the dialogue, said the bank expects oil prices to average at US\$50 (RM208.50) a barrel next year, higher than the government's estimate of US\$45 assumption used for Budget 2017.

"If we come right [on oil prices] in 2017, we see that the MoF (finance ministry) actually has room for a lower [fiscal] deficit target of at least 2.6% of gross domestic product [compared with 3% announced in Budget 2017]."

"In our view, [the] MoF's projections for 2017 actually come on the conservative side," she said.

Noting that operating expenditure accounts for at least 80% of the total 2017 budget expenditure allocation of RM262.8 billion, she said: "A big bulk of this comes from emoluments. There remains great room to cut down these emoluments."

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