

Gov't could go 15% over-budget, says Anwar
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Opposition Leader Anwar Ibrahim (PKR-Permatang Pauh) has warned that poor financial management could lead to the government exceeding its budget by 15 percent this year.

He said the year's first supplementary budget of RM13.2 billion accounts for 8.2 percent of the 2011 operational budget of RM162.8 billion.

Anwar said this is a worrying trend as the additional funds being sought will only cover the first three months of the year.

"It is not impossible for this increase (in spending) to hit 15 percent by year's end," he said when debating the Supplementary Supply Bill in Parliament.

Deputy Finance Minister Awang Adek Hussin had tabled the Bill for second reading today, asking for approval for RM13.2 billion in additional funds, for the operations of Parliament, the Prime Minister's Department and 18 ministries.

Anwar, a former finance minister, stressed that the country cannot afford to stake its future on inaccurate financial projections in the face of rising national debt, which currently stands at 54 percent of the gross domestic product.

"I fear that the failure to make accurate projections, the inability to explain the Budget expenditure and poor economic management will drag the country into hard times," he said.

"We must learn from the experiences of countries that have failed due to careless management and manipulation of economic indicators, such as what has happened in Greece."

Anwar said a clear example of financial mismanagement was the apparent oversight by the government in leaving out emolument payments for civil servants under the Health and Education Ministries in this year's budget.

He said the government is applying for RM1.009 billion to cover a shortfall in emolument payments to medical officers, on top of a RM1.3 billion total emolument payout to teachers and education officers.

"How is it that something such as emoluments, which the government should have included in the budget, was left out?" Anwar questioned.

Questionable claim

He also said the government is bogged down by questionable investment decisions, particularly in government-owned company 1Malaysia Development Bhd (1MDB), which expects to issue a total of RM15 billion worth of government-guaranteed bonds by 2013.

Although Prime Minister Najib Abdul Razak had announced that the company had made a net profit of RM425 million in its first year of operations ending March 31, 2010, Anwar said there is no proof to support this.

"The announcement ... is highly questionable because, upon closer inspection, its financial statement shows that its profits were not from its actual investments or business operations but through paper shuffling," he said.

He further urged Parliament and the Auditor-General's office to investigate the company's financial transactions.

Anwar pointed out that the government is missing the wood for the trees in its subsidy rationalisation plan, by taking away money that should help the public while maintaining sky-high subsidies for independent power producers (IPPs).

He said public subsidies for fossil fuels are estimated at RM7.4 billion annually, on top of RM800 million on sugar subsidies per year.

“But gas subsidies for IPPs are estimated to reach up to RM20 billion in 2010 and RM22 billion in 2011. Should the subsidies for IPPs be reduced or done away with, this supplementary budget of RM13 billion would not be needed,” he added.

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