

**No more borrowings for shortfall, Najib warned**  
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Prime Minister Najib Razak has been warned not to make up for the huge shortfall in his Budget 2015 with further borrowings as the country can ill afford it.

PKR's Bayan Baru MP Sim Tze Tzin said the budget shortfall caused by plummeting world oil prices, the weakened ringgit as well as the huge flood disaster recovery expense, may be as high as RM25 billion, or 9.2 percent of the budget.

"We would like to urge the prime minister to be forthright about how much the budget shortfall is at tomorrow's special briefing to the nation.

"Under such a pressing economic situation, the government has two ways to solve the budget crunch: cut spending or embark on extra borrowings.

"PKR would like to warn the government not to embark on extra borrowings," Sim (right), who is also PKR strategy director, said in a statement today.

He reminded the Najib government that the debt is already at an "all time high" of RM568.9 billion (52.8 percent of GDP), barely 2.2 percent from hitting its debt ceiling of 55 percent.

"If we take in contingent liabilities, it has already reached 70 percent of the GDP," added Sim.

Sim estimated the shortfall to come from a 10.7 percent drop in the ringgit that would affect overseas procurements, and the drop from the USD105 - USD110 per barrel used in the budget estimate, to USD46 per barrel last week that will severely impact revenue.

This, he said, is compounded by the extra spending needed for the reconstruction particularly in the East Coast states after the flood disaster, that the minister of international trade and industry has estimated could cost up to RM2 billion.

Bleeding from debt servicing

However, Sim warned resorting to borrowings will have "serious repercussions".

First, he said, the government will not meet its own three percent budget deficit target to impose fiscal discipline, noting the standing has worsened during Najib's tenure as finance minister.

This, said Sim, would in turn erode confidence of rating agencies on Malaysia's fiscal discipline and may lead to a downgrade of our ratings and will escalate the cost of borrowing.

"Malaysia is already paying nine percent (RM25 billion) of our national budget to service our previous debts annually.

"We do not want our children struggle to pay for our irresponsible borrowings," he said.

"Therefore, the only way out, in our opinion, is to cut excessive spending by the current government."

Najib will announce his revised Budget 2015 tomorrow at 10am at Putrajaya International Convention Centre.

This is in response to calls for the government to call a special parliamentary session and come clean on how the oil slump is affecting the government's finances for the year.

DAP Gelang Patah MP Lim Kit Siang yesterday further criticised Najib for not convening Parliament to table the revision.

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