

PM's second contracting budget falls below 2014 level

MalaysiaKini.com

Oct 21st, 2016

Editor's note: This story is temporarily not compatible in app. Kindly view on mobile or desktop browsers.

Prime Minister Najib Abdul Razak today unveiled Budget 2017 in Parliament, his second continuous contracting budget.

He announced a total budget of RM260.8 billion, RM214.8 billion of which would go to operations expenditure and RM46.0 billion for development expenditure.

This is Najib's first budget speech which excludes the customary RM2 billion contingency funds.

Even if included, the sum of RM262.8 billion still falls to levels below Budget 2014, which had an allocation of RM264.2 billion, including the contingency fund.

Malaysiakini puts Budget 2017 in historical context, comparing it to seven other budgets Najib has presented since his first in 2010.

We also compare what Putrajaya announced would be spent during past budgets and how much was actually spent.

The situation has been challenging for Malaysia as the budget had continued to shrink since 2015 amid a slump in global crude oil prices, which has impacted the country's revenue.

In terms of breakdown, Budget 2017's development expenditure of RM48.0 billion is the second lowest since Najib tabled his first budget.

Interestingly, apart from Najib's first year in office, his government has consistently spent less than the actual development expenditure announced.

In 2011, Putrajaya spent RM0.8 billion less than the announced amount and this number continued to grow, hitting RM2.3 billion in 2012, RM5.5 billion in 2013, RM5 billion in 2014 and RM7.7 billion in 2015.

If this trend continues, the actual development expenditure might be significantly less than the announced RM46 billion.

As for operations expenditure, the cost to keep the government running, the sum has largely stagnated since 2015 after rapid spending.

The operations expenditure budget, which was RM138.3 billion in 2010, peaked in 2015 at RM223.4 billion, a growth of more than 60 percent.

The government has since tried to bring it under control, but the amount was only marginally lower at RM215.2 billion and RM214.8 billion for 2016 and 2017 respectively.

However, it should be noted that Putrajaya consistently spent more than the announced operations expenditure.

This trend changed in 2015 when the country's revenue was hit by the oil slump.

As a whole, development expenditure makes up 18.3 percent while operations expenditure makes up 81.7 percent in Budget 2017.

The government expects revenue of RM219.7 billion in 2017.

Najib took over the leadership reins in a fairly comfortable position as the country had consistently achieved higher than expected revenue.

But after the oil slump in 2015, actual revenue fell below the government's estimate.

In 2015, the government's expected revenue fell short of a whopping RM16.1 billion.

This prompted a recalibration to Budget 2015, and later to Budget 2016.

If the economic situation worsens, another budget recalibration in January 2017 is possible.

Copyright © 1999-2016 Mkini Dotcom Sdn. Bhd

Source: <http://www.malaysiakini.com/news/359932>