

Ministry still owes RM110m farmers' incentives, says audit report
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KUALA LUMPUR, Oct 25 — The Ministry of Agriculture and Agro-Based Industry has yet to pay RM110.67 million it owed to more than 70,000 farmers under a scheme to encourage a higher rice production, according to the Auditor-General's report today.

Citing Padiberas Nasional Berhad (Bernas), Malaysia's rice industry regulator, the report said the farmers were eligible to receive RM341.29 million between January 2007 and January 2010. However, Bernas only managed to pay incentives worth RM230.62 million as at end 2010, citing lack of funds.

This resulted in 73,291 farmers not receiving incentives totalling RM110.67 million.

Bernas currently controls about 24 per cent of the paddy market and 45 per cent of the local rice demand.

The company is also Malaysia's sole importer and exporter, currently importing about 20 per cent of the country's rice supply, mainly from Thailand and Vietnam.

Under the incentive programme to increase rice production (IPH), RM650 is given for each metric tonne per hectare to farmers who have more than two hectares of paddy fields. Farmers with fields smaller than two hectares would receive a minimum of RM200.

The initial estimated budget for the scheme was RM29 million a year.

The report found that Bernas had only informed the ministry of a lack of funds in 2010 during the audit process. The ministry subsequently sought for an additional RM205 million from the Finance Ministry on June 2010.

However, the application was rejected and the ministry was asked instead to review the priority of current programmes and budget accordingly.

The Cabinet has also approved RM80 million for the IPH programme in 2011.

"The ministry should have an effective monitoring mechanism to complete and expedite the investigations so that the objective of the incentive programme can be attained," the report said.

The report also found that most farmers do not know the rate of the incentive they are eligible for if their rice production increases and that they do not know that they are eligible to receive incentive if they work harder to increase rice production.

The report also recommended the ministry take immediate action to re-evaluate the programme's priority to ensure adequate funding to pay for the promised incentives.

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