

DAP: RM97b in hidden loans pushes public debt over legal limit
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By Shannon Teoh

KUALA LUMPUR, Feb 16 — The DAP today accused the government of not reporting RM96.9 billion in loans it has guaranteed as public debt, which would push the amount of federal loans above the 55 per cent of gross domestic product (GDP) allowed by law.

Party publicity chief Tony Pua said the combined public debt of RM455.7 billion reported last year and the "off-balance sheet" financing would amount to RM552.6 billion, or 65.2 per cent of the economy.

"For all intents and purposes, even though these loans are not taken by the government, they are essentially government debt or otherwise known as contingent liabilities.

"This expanded figure would then constitute 65.2 per cent of our GDP, well above the 55 per cent federal government loan limit as defined in the Loan (Local) Act 1959 and Government Funding Act 1983," Pua (picture) said in a statement today.

He told The Malaysian Insider that the law does not punish but legally bars the government from breaching the limit.

"Although it does not compel the government to report contingent liabilities as public debt, in substance it is the same thing and we have busted the limit," he said.

Pua added that the Barisan Nasional (BN) government has repeatedly amended these laws to raise the debt ceiling as debt continues to spiral upwards.

Malaysia's national debt has been a hotly debated issue after the Auditor-General said in October it grew by 12.3 per cent to over RM407 billion in 2010, or 53.1 per cent of GDP.

Putrajaya's economic report for 2011/2 said federal debt will hit RM455.7 billion at the end of 2011, which Pua said amounts to a record 53.8 per cent of GDP, the third consecutive year public debt is worth more than half the economy.

The government has tried to rein in the budget deficit from a two-decade high of over seven per cent in 2009 with Budget 2012 forecasting a 4.7 per cent deficit but the opposition has called for bigger cuts to public spending.

Pua said today government-guaranteed loans taken by its statutory bodies and corporatised entities rose by 14.9 per cent in 2010 from RM84.3 billion in 2009. These loans must be repaid using public funds should the borrowers default.

The Petaling Jaya Utara MP listed the Higher Education Fund (PTPTN) and state-owned public transport company Syarikat Prasarana Negara as owing RM17 billion and RM9.1 billion in government-backed loans.

"They have both been heavily criticised by the Auditor-General for their weak financial management and their inability to repay their loans," he warned.

He also pointed out that logistics tycoon Tan Sri Syed Mokhtar Al-Bukhary's Port of Tanjung Pelepas (PTP) has seen its government-guaranteed liabilities rise from RM715 million in 2009 to RM1.275 billion in 2010.

"The Greek financial crisis has unravelled as a result of hidden contingent liabilities not reflected as official government debt or reported in its balance sheet," he said, referring to the euro-zone debt crisis that has seen the Mediterranean country teeter on the brink of default.

According to Pua, national debt grew by 11.9 per cent last year, and has ballooned from RM242 billion in 2006 and RM146 billion in 2002. He said the debt amounted to 44.6 per cent of GDP back in 2006.

Second Finance Minister Datuk Seri Husni Hanadzlah has insisted public debt is still manageable as Putrajaya still has large reserves and its loan payment to national revenue ratio was at 10 per cent, which was below the "prudent" level of 15 per cent.

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