

Stop fiddling with debt numbers, DAP tells Najib
The Malaysian Insider
Jun 16, 2015

Various "off-balance sheet" expenditures hidden from the annual budget figures and statistics are providing Putrajaya the loophole to spend well above what is officially approved by Parliament in the budget, DAP said today.

As such, party national publicity chief Tony Pua urged Prime Minister Datuk Seri Najib Razak to stop giving false assurances on the federal budget using highly misleading statistics.

He added that Malaysians could only be assured that the budget and debt statistics reflected the actual spending by Putrajaya when these off-balance sheet expenditures were incorporated into the annual budget and tabled in Parliament.

Pua was commenting on Datuk Seri Najib Razak's statement yesterday at the Budget 2016 Consultative Council meeting where Bernama reported the prime minister as saying that the country's fiscal targets for 2015 remained intact.

He had also reportedly said that the deficit would be further reduced to 3.2% of the gross domestic product (GDP) from 3.4% in 2014 and that the federal debt would be capped within 55% of the GDP.

But Pua, in a statement today, debunked these statistics from Najib, saying it was nowhere near accurate due to various creative manipulation of government expenditure, especially over the past five years.

"We already know that much of the government's expenditure is via newly created Ministry of Finance subsidiaries which undertook RM157.5 billion of loans guaranteed by the federal government as at December 31, 2014.

"If the above contingent liabilities figure were to be included in the official federal government debt, it would add up to nearly 70% of our GDP," he said, adding it was a mockery for Najib to continue to insist that the debt remained capped within 55% of GDP.

The Petaling Jaya utara MP said the contingent liabilities figure did not reflect all the government's off-balance sheet expenditure.

In a parliamentary reply last month, Najib had said that until May 31, 2015, there were nine government-owned companies via the Finance Ministry Incorporated (MKD) which had expenditures classified as off-balance sheet, borne by the government.

Pua said one of these included wholly owned MKD subsidiary, Pembinaan PFI Sdn Bhd, which has borrowed and spent RM27.9 billion on various projects.

He added, however, that none of these projects or expenditures was reflected in any of the budgets tabled over the past five years, resulting in a significantly understated budget deficit.

He also said that loans taken by Pembinaan PFI from the Employees Provident Fund (EPF) and Retirement Fund Inc (KWAP) did not even get reflected as a contingent liability of the government via a clever financing agreement between the company and the government.

"What the Ministry of Finance has done was to shift various sorts of expenditure 'off-balance sheet'.

"As a result, these expenditures which are ultimately borne by the federal government are hidden from the annual budget figures and statistics," Pua said. – June 16, 2015.

Copyright © 2015 Edge Insider Sdn Bhd

Source:

<http://www.themalaysianinsider.com/malaysia/article/stop-fiddling-with-debt-numbers-dap-tells-najib>