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Pahang needs more income to balance shaky state finances

KUANTAN: The Pahang government has to be prudent with its spending and intensify efforts to source for revenue, said the Auditor-General's Report. It said the move was necessary as the state's financial position was still "shaky." Based on the balance sheet, the state could not sustain its total liability of RM425.3mil on the back of assets worth RM265.15mil.

Furthermore, the memorandum accounts statement indicated that assets worth RM309.6mil could not possibly support the state's debts of RM1.58bil. "Overall, we found that accounting records in the state are in good order and updated. "All items in the financial statements were verifiable as there were enough supporting documents," it said.

The Auditor-General said the state's debts had increased by RM65.91mil to RM1.58bil last year, compared with RM1.52bil in 2004. The increase was attributed to an additional loan of RM85.2mil for water-supply projects and RM3.06mil for low-cost housing projects. "In addition, the state has an outstanding debt repayment inclusive of principal and interest amounting to RM286.63mil compared with RM245.45mil in 2004. "The increase of RM41.18mil was due to the rescheduling of loans (for water and low-cost housing projects) and a shortage of cash flow," he said, adding that the failure by state agencies to repay their loans also contributed to an increase in the state's debts.

The Auditor-General said the state had only repaid RM10.14mil, or 33.8% of the loans extended by the Federal Government last year. He said a further RM15.61mil had been written off by the Federal Government as allocation for water projects in rural areas and land schemes. However, the report noted that the fixed savings had increased from RM99mil in 2004 to RM115mil because of an increase in revenue collection. The Auditor-General lauded the state in reducing its outstanding revenue such as water charges and quit rent owed it by the people.