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167/4 Vipulasena Mawatha, Colombo 10, Sri Lanka
Tel: 94-11-2696814, 94-11-2686364, 94-11-4715988
Fax: 94-11-2697134 Kandy Tel/Fax: 94-81-4470442
Email: c_21@sitnet.lk

17th September 2008

Minister Hemakumara Nanayakkara
Minister of Agriculture
287/2, Stanley Thilakartne Mawatha
Jubilee Post
Nugegoda.

Dear Hemakumara,

Vasu phoned to inquire, as to whether I was 'disturbed' by the few comments you made ! I said definitely not, since I well understood the position, and welcomed the views, and was able to briefly reply ! I did not wish to use the occasion to respond in detail !

I do not condone 'terrorism'. In fact, there are 'two types' of terrorists in the world. One type are 'economic terrorists', and other 'armed terrorists' ! It is the view of many, that 'economic terrorism', the pillage and plunder of the wealth of the poor, impoverishing them, leads to disillusionment, social unrest, social injustice, insurrection, and finally 'armed terrorism' ! I have been combating 'economic terrorism', the 'root cause' !.

I attach copies of my E-mails to Secretary to H.E. the President of 14.8.2008 and 16.10.2007, whereby I urged that the monies Vasu and I earned and saved for the Government, be contributed to the 'fund' sponsored by the Defence Ministry, to build houses for those of the armed forces, who are risking their life and limb, since the Secretary to the Treasury opposed the Case, and thereby did not require such monies !

Even Opposition Leader, Ranil Wickramasinghe, filed Affidavit opposing the Case to prevent investigation, and moving for its dismissal ! The question arises, as to why ? I did not refer to such fact at the august occasion on Saturday !

I referred to the costs to the county, to demonstrate the 'impact' on economy ! When compared to Singapore, who were well behind us economically at the time of independence, have we not now lagged behind, having been mismanaged since that time ?

Being apolitical *vis-à-vis* the economy, as a professional, I have assisted both the UNP and the PA Governments. In the early 1980s, on an honorary part-time basis, I managed the finances of the Transport Boards for 2 years, without taking any money from the Treasury, achieving 93% operation of the timetable, and left leaving deposits of nearly Rs. 100 Mn.

In the Hilton Hotel fraud, overcoming obstructions and pressures, amongst others, of K.N. Choksy P.C., I saved US \$ 207 Mn., for the country in 1995 ! I notified then UNP Secretary General Late Ranjan Wijeratne, prior to filing action. He supported me ! This case was one of the issues in the election of 1994, including several dubious and fraudulent privatizations ! From all the privatizations, the country has received only Rs. 77 Bn. The people have lost their wealth !

Challenging the purported 'Tax Amnesty' of 2003, I prevented nearly Rs. 200 Bn. of revenue being written-off ! There were other provisions that encouraged 'social ills' ! The Supreme Court pronounced this, as defrauding public revenue, causing extensive loss to the people ! Prior to filing action, I apprised then Prime Minister, Ranil Wickramasinghe, who took no notice !

The consequent public 'outcry', I believe, was one of the issues, that brought the PA Government to power in 2004 ! Hence, I believe I have an 'intrinsic right', to point out, when this Government is 'mismanaging' public funds !

I believe H.E. the President must necessarily be apprised of the facts, however 'unpleasant' they may be, so that some 'commonsensical' strategy could be pursued to retrieve the country economically !

Perusing the Central Bank Report 2007, I set out below some data, which I am sure you would concede, causes concern !

- 1) Revenue 2007 estimated was Rs. 605 Bn., but actual reported was Rs. 583 Bn.(Table 95) and Rs. 565 Bn. (Table 6.2). The revenue upto May 2008, as per Mid-Year Fiscal Position Report has been given as Rs. 261.4 Bn. (Table 1.2) – prorated for 12 months would be Rs. 626 Bn. !
- 2) The revenue estimated for 2008 was Rs. 750 Bn. (Table 6.2) as per the Budget, but Central Bank Report pushes it up to Rs. 771 Bn. (Table 95). Looking at 2007 revenue figures, I can not see revenue reaching Rs. 700 Bn. this year !
- 3) As per Central Bank Report the debt service for 2008 is Rs. 602 Bn. (including Rs. 209 Bn. interest) (Table 6.8). Hence only about Rs. 100 Bn. of the revenue will be left for expenditure !
- 4) The expenditure estimated in the Budget 2008 was Rs. 1044 Bn., whilst the Central Bank Report estimates expenditure at Rs. 1486 Bn. (Table 96)
- 5) Hence, would we not have to borrow over Rs. 1350 Bn. in 2008, almost double the revenue ?
- 6) Total debt level of the Government as at December 2007 was Rs. 3070 Bn., of which the foreign debt was Rs. 1355 Bn. (i.e. 44%) (Table 107). As per Mid-Year Fiscal Position Report the estimated foreign debt service for 2008 is US \$ 995 Mn. !
- 7) The country is running on the 'remittances' of the 'poor workers toiling the middle-east'. In 2007 they remitted US \$ 2502 Mn. In the first 4 months of 2008 they have remitted US \$ 975 Mn., as per the Mid-Year Fiscal Position Report.

Kind regards,


Nihal



Consultants 21 Limited <consultants21@gmail.com>

Proceeds from LMSL Case

Consultants 21 Limited <consultants21@gmail.com>

Thu, Aug 14, 2008 at 1:43 P

To: "Mr. Lalith Weeratunga -Secretary to H.E. the President" <lalith@icta.lk>

Cc: "Mr. Gotabhaya Rajapakse" <rajapakg@gmail.com>

Dear Lalith,

I refer to my E-mail dated 16.10.2007, copy attached, I sent you when the Secretary to the Treasury filed Affidavit **objecting** to the Application made to annul the scandalous LMSL privatization, particularly the fraudulent purported transfer of 8 ½ Acres Port Land and the cancellation of the fraudulent Tax Holiday granted by BOI, *et al*

As you are aware, the Supreme Court in its Judgment delivered on 21.7.2008 granted the above reliefs and castigated the Secretary to the Treasury and the Chairman of John Keells, *who had acted in cahoots*.

In my previous E-mail, I urged that should the Supreme Court Application be successful, since the Secretary to the Treasury had objected as above, that any revenue / funds, which accrues to the Government as a consequence, **should not be credited to the Treasury, who had questionably objected**, but should be given to the Fund of the Ministry of Defence for building Homes for the valiant soldiers, sons of our soil, fighting for the national cause, with risk to limb and life, *having no time to be attending to raising Bank Loans and building Homes for their families*.

I urge you to ensure that the above is given effect to, and I am sure that the Petitioner, Vasudeva Nanayakkara, whom I actively supported amidst such aforesaid obstructions, will agree.

Those who obstructed have no love for this country and its people.

Kind regards,

Nihal

Consultants 21 Ltd.
www.consultants21.com

 Email to Lalith & Gotabhaya 16.10.07.pdf
85K



Consultants 21 Limited <consultants21@gmail.com>

(no subject)

Consultants 21 Limited <consultants21@gmail.com>
To: lalith@icta.lk, rajapakg@gmail.com

Tue, Oct 16, 2007 at 10:46 AM

Dear Lalith / Gotabaya,

Further to my E-mail of 12.10.2007, particularly re - penultimate paragraph thereof:

1. I attach the relevant paragraphs from the LMSL Petition pertaining to over 8½ Acres of valuable Land in the Port, purportedly transferred without consideration.
2. I also attach the relevant paragraph of the LMSL Petition, where the Business Valuation had been admitted to have been understated.

Secretary to the Treasury, as the 8th Respondent, has filed Objections seeking to have the LMSL Application dismissed ! Admittedly he does not wish to have the valuable consideration due to the Government, lawfully restored to the Government, he objecting to the Supreme Court so determining !

3. I also attach the relevant paragraph from the SLIC Petition pertaining to the non-reckoning of the market values of very large extents of Land in the 'valuation' placed on SLIC.

I believe, as in the case of LMSL, Secretary to the Treasury, would similarly file Objections in the SLIC Application too, whereby the same stance, as LMSL would apply !

Subject to confirmation by the Chief Valuer, the above LMSL and SLIC properties, I understand, are reckoned to be worth around Rs. 30,000 million ! The Business Valuation of LMSL admittedly has been understated, and the SLIC Business Valuation has been a vague 'indicative valuation'; both not by the Chief Valuer !

Should the Supreme Court decide to annul the above transactions, as had been prayed for and/or direct the recovery of proper dues to the Government from these large business conglomerates, then since the Secretary to the Treasury, in objecting, has clearly confirmed that the Treasury does not require such funds and thus could forego same, I having taken much efforts in these matters, having filed Affidavits supporting the stance taken by Vasudeva, would urge that these funds be utilised to finance the Housing Schemes for the valiant sons of our soil, who are risking their lives and the future of their families, in fighting for our country, which Housing Schemes, Gotabaya has been earnestly pursuing to provide, I believe with little success !

Should the Supreme Court make findings as aforesaid, then in terms of the provisions of the Offences Against Public Property Act No. 12 of 1982, the Government is entitled to recover from the said parties, three times the loss caused to the Government ? If so, why not ?

Kind regards,

Nihal

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PROPOSALS
FOR STRENGTHENING OF
PARLIAMENTARY CONTROL OVER
PUBLIC FINANCE

S.C. Mayadunne
Project Director
Office of the
Committee on Public Accounts
and the
Committee
On Public Enterprises

These activities result in the intervention of the people's representatives for the prevention of disadvantages arising from inappropriate, arbitrary, questionable or biased actions of the Executive and for maintaining the democracy. It is the internationally accepted opinion that in the absence of such participation, the Executive will have the opportunity to act in undemocratical manner in the period between two elections.

Even though Sri Lanka does not have a Parliamentary Committee to intervene and to prevent the discrepancy between the Budget approved by the Parliament and the Budget actually executed, such Committees functions in many other countries.

Even the Standing Order No. 109 which specify the functions of the Consultative Committees does not contain any functions relating to the implementation of the Budget.

This position has led to an aggravated situation due to the very wide gap between the Budget approved by our Parliament and the budget actually executed and the practice of not obtaining a special approval or authority of Parliament for such variances.

The revision of the Budget approved by the Parliament for the year 2006 by Rs.220.2 Billion at the discretion of the Officers, as explained in detail in (2) Paragraph of Part II of this report can be cited as an example.

- The revision of the budget by Rs.220.2 Billion at the discretion of the officers in terms of provisions in Section 5 of the Appropriation Act, No.39 of 2005 including Rs.166 Billion in terms of authority granted under Section 6 of the said Act raises the question whether it tantamounts to a partial abdication of the powers of full control over the Public Finance vested in the Parliament by Article 148.
- As compared with Rs.609 Billion originally approved for expenditure for the year 2006 and Rs.1,072.8 Billion stated as the actual expenditure, that sum of Rs.220.2 Billion represents a very high percentage.
- This becomes more serious as this form of revision left to the discretion of the Officers has been arranged in such manner, it does not need the approval or sanction of the Parliament as well as that of the Cabinet of Ministers or even the Minister.
- In addition to such revisions made to the provisions at the full discretion of the officers, instances of non-implementation of Budgets approved by Parliament properly abound as follows.
 - i. Savings of approved provisions due to non-release of funds for Budget implementation.