

P.M: GOVT. CONSIDERING BUDGETING FOR REAL EXPENSES

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BY REJAL ARBEE AND A. RAHMAN SULAIMAN

KUALA LUMPUR, JULY 15 <sup>82</sup> (BERNAMA ES) <sup>(P)</sup> -- THE GOVERNMENT IS TAKING A FRESH LOOK INTO ITS PRESENT BUDGETTING SYSTEM AS PART OF LONG TERM MEASURES TO OFFSET THE EFFECTS OF THE CURRENT GLOBAL RECESSION ON THE NATION'S ECONOMY.

DISCLOSING THIS HERE TODAY, THE PRIME MINISTER DATUK SERI DR. MAHATHIR MOHAMAD SAID WHAT THE GOVERNMENT WAS NOW CONSIDERING WAS TO BUDGET FOR REAL EXPENSES.

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THE PRIME MINISTER MADE THE DISCLOSURE IN A SPECIAL INTERVIEW WITH BERNAMA, THE UTUSAN MELAYU AND THE NEW STRAITS TIMES GROUPS ON THE OCCASION OF HIS FIRST ANNIVERSARY IN OFFICE TOMORROW.

DATUK SERI DR. MAHATHIR TOOK OFFICE AS THE NATION'S FOURTH PRIME MINISTER, SUCCEEDING TUN HUSSEIN ONN ON JULY 16 LAST YEAR.

HE SAID THE NEW SYSTEM OF BUDGETTING WAS NECESSARY AS IT HAD BEEN DISCOVERED THAT IN THE PAST THERE WAS A TENDENCY AMONG THE COUNTRY'S FINANCIAL PLANNERS TO OVER-BUDGET.

+FOR EXAMPLE, IN ANY ONE YEAR YOU WILL FIND AT LEAST TWO SUPPLEMENTARY BUDGETS AND IF YOU TOTAL UP, THE AMOUNT WILL BECOME VERY BIG.

+HOWEVER, BY THE END OF THE YEAR WHEN THE ACCOUNTING IS DONE, WE FIND THAT WE HAD EXPANDED REALLY LESS THAN WHAT WAS ORIGINALLY BUDGETTED FOR. THIS SHOWS WE HAVE NOT BEEN VERY GOOD AT BUDGETTING,+ HE SAID.

THE PRIME MINISTER POINTED OUT THAT THE RECENTLY ANNOUNCED 12 PER CENT ACROSS THE BOARD CUTBACK IN THE GOVERNMENT'S EXPENSES WAS PART OF THE EFFORTS +TO BUDGET FOR ACTUAL SPENDING.+

+THERE MAY BE SOME NEGATIVE EFFECTS BUT THEY WILL BE BALANCED BY THE POSITIVE EFFECTS. SO, ON THE WHOLE THE ADMINISTRATION SHOULD WORK VERY SMOOTHLY,+ HE CONTENDED.

ON A SUGGESTION THAT THE GOVERNMENT CUT BACK ITS INVESTMENT HE SAID THE MOVE WAS A GOOD ONE AS IT WOULD MAKE OFFICIALS +VERY MUCH MORE CAREFUL+ WITH THE WAY THEY PREPARE THE BUDGET AND THE WAY THEY EXPAND IT.

DATUK SERI DR. MAHATHIR DID NOT FORSEE ANY NEGATIVE EFFECTS OF THE EXERCISE.

ON A SUGGESTION THAT THE GOVERNMENT CUT BACK ITS INVESTMENT ON HEAVY INDUSTRIES IN VIEW OF THE DECLINING WORLD ECONOMY, THE PRIME MINISTER SAID HE WOULD NOT DO SO AS INVESTMENTS BY BICOM (HEAVY INDUSTRIES CORPORATION OF MALAYSIA) WERE + INVESTMENT FOR THE FUTURE+

HE SAID ALTHOUGH IT WAS NORMAL FOR ANY GOVERNMENT TO CUT ITS SPENDING DURING BAD TIME, A THOROUGH CONSIDERATION WOULD HAVE TO BE MADE BEFORE SUCH A MOVE WAS TAKEN.

+BEFORE YOU CUT BACK YOU HAVE TO THINK WHETHER THE CUTBACK IS GOING TO AFFECT THE SITUATION IMMEDIATELY OR THREE YEARS HENCE, FOUR YEARS HENCE OR FIVE YEARS HENCE,+ HE EXPLAINED.

AS THE WORLD ECONOMY TENDED TO FLUCTUATE IN THAT THERE WAS A PEAK PERIOD AND DRY PERIOD, INVESTMENT DURING DROUGHT WOULD COME ON STREAM DURING THE PEAK PERIOD.

+IF WE START INVESTING DURING A PEAK, THEN WE ARE GOING TO LOSE MONEY,+ HE SAID.

THE PRIME MINISTER POINTED OUT THAT MOST OF THE INVESTMENTS BY THE HICOM WOULD TAKE SEVERAL YEARS TO MATURE -- PROBABLY THREE TO FOUR YEARS -- DURING WHICH TIME THE WORLD ECONOMY WOULD HAVE IMPROVED.

AS THE INVESTMENTS WERE MADE DURING DROUGHT, THEY WERE REALLY LOW COST INVESTMENTS EXPECTED TO PRODUCE YIELDS DURING A PEAK.

+ON THE OTHER HAND, IF YOU TRY TO INVEST DURING A PEAK, THE COST WILL BE HIGH AND AS THE YIELD WILL COME DURING A DROUGHT, YOU WILL BE IN TROUBLE,+ HE STRESSED.

REFERRING TO THE PROJECTIONS MADE UNDER THE FOURTH MALAYSIA PLAN AND IN THIS YEAR'S BUDGET, THE PRIME MINISTER SAID MALAYSIA WAS NOT THE ONLY COUNTRY WHICH WAS WAY OFF ITS ORIGINAL PROJECTIONS IN RESPECT OF ECONOMIC PERFORMANCE.

+OURS ARE NOT TOO BAD COMPARED TO OTHERS WHO ARE TOTALLY WRONG,+ HE ADDED.

THE PRIME MINISTER ADVISED THE PEOPLE NOT TO BE UNDULY WORRIED OVER THE PRESENT STATE OF AFFAIRS.

THE PEOPLE SHOULD HAVE FAITH IN THE RECORD OF THE GOVERNMENT, HE SAID.

HE RECALLED THAT THE COUNTRY WAS FACING A SIMILAR SITUATION IN 1975 AND THE GOVERNMENT REACTED IMMEDIATELY RESULTING IN A RECOVERY FASTER THAN IT WAS THEN EXPECTED.

+PEOPLE MIGHT HAVE FORGOTTEN THAT WE CUT DOWN ON THE PRODUCTION OF RUBBER AND WE EVEN REDUCED THE MINISTERS' SALARIES BY FIVE PER CENT.+ --BERNAMA ES 1246/BY