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BUDGET AN OPTIMISTIC ONE, SAYS MAHATHIR

Budget-Mahathir

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KUALA LUMPUR, Oct 30 (Bernama) -- Prime Minister Datuk Seri Dr Mahathir Mohamad said the 1993 National Budget unveiled today was not a +day-dream+ but an optimistic one which had been carefully considered by the government.

National budgets in the past had always been conservative with government projections on economic matters being lower than what they actually were, he added.

Speaking to reporters at Parliament House here, he said a good example was last year when the government projected an economic growth of only 8.4 per cent whereas the actual growth rate was 8.6 per cent.

The 1993 Budget was tabled by Finance Minister Datuk Seri Anwar Ibrahim in the Dewan Rakyat.

Dr. Mahathir said the budget was good for the people as several new approaches had been introduced such as the reduction in income tax rates for companies, individuals and co-operatives and savings-promotion measures for workers through higher Employees Provident Fund (EPF) contributions. -- more

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Budget-Mahathir 2 Kuala Lumpur

The country's economic performance this year was good despite a near global economic downturn, he added.

He said this meant that the nation's financial management was efficient, with savings exceeding debts. The country capable of financing retained imports of up to 5.6 months this year compared to only 3.6 months last year.

+Although there have been economic pressures, we have been able to achieve more than what we expected,+ he added.

He said even the national per capita income rate had risen as the ringgit strengthened! against the American dollar which was the basis of calculation of per capita income rates around the world.

This, in turn, prompted an increase in individual income earnings allowing the government to reduce income tax rates without its revenue being affected, he added. -- more

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Dr Mahathir said the government's strategy to reduce certain taxes was to promote business development which in turn would spur national economic growth and higher revenue collection through business taxes.

Although revenue from income tax would reduce, the total amount of collection from business taxes would increase.

He hoped traders would reduce prices of goods on which import duties had been reduced or abolished and he called on consumers to ensure that they did so.

The Prime Minister said although income tax rates and import duties on certain goods had been reduced, the government had increased employees and employers' contribution rates to the Employees Provident Fund to reduce spending and curb inflation.

The special promotion package for large industries to set up their regional offices in the country was introduced to attract foreign industries which had their regional operations in neighbouring countries.

The move would result in greater revenue for the country; he added. -- more

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Dr. Mahathir also said the increase in the value of the ringgit against the pound sterling had inflated the price of Proton Saga cars in Britain.

The government would find other ways to overcome the problem of the higher price for the national car there, he added.

Deputy Prime Minister Ghaf'ar Baba described the 1993 Budget as a moderate one which would not burden the people but instead spur national economic growth.

The various tax incentives revealed would also help attract foreign investors to the country, he added.

+The tax exemptions and reduction of import duties on certain sporting goods will also help encourage the people to take up more sporting activities for a healthier life-style,+ he said.

The budget would also encourage the people to be thrifty which in turn would help reduce inflation, he added.

Ghafar said the increase of one per cent in employees' and employers' contribution rates to the EPP from next year would not prove to be a burden.

+It is an appropriate measure aimed at curbing inflation and increasing national savings,+ he added. -- more

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Health Minister Datuk Lee Kim Sai said the 100 per cent increase in excise duties on tobacco would help his ministry's anti-smoking campaign.

He hoped the people, particularly smokers, would accept the stiff hike calmly.

+The increase in tobacco excise duties may even help smokers kick their habit,+ he added.

Domestic Trade and Consumer Affairs Deputy Minister Datuk Abdul Kadir Sheikh Fadzir said his ministry would ensure traders did not take advantage of the tax exemptions and import duty reductions announced for 600 types of goods, including foodstuffs, clothings and household utensils.

+We will see to it that traders do not increase the prices of the goods to ensure that consumers, too, benefit from the tax exemptions,+ he added.

The ministry's Enforcement Division would be conducting spot-checks on traders to make sure that they did not increase prices.

Agriculture Minister Datuk Seri Sanusi Junid said the time had come for the government to set up a Food Production Industry Fund to provide credit facilities to those involved in food production. -- more

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Budget-Mahathir 6 Kuala Lumpur

He said the Fund would help increase agricultural produce to meet the needs of the population which was expanding besides helping to counter inflation.

Defence Minister Datuk Seri Najib Tun Razak said the budget's \$250 million allocation for the purchase of fighter jets would help beef-up the country's defence forces to be on par with those of other countries.

Although, the allocation was insufficient to buy sophisticated, it was adequate for the initial stages, he added.

He said he would be announcing details of the type of +air support+ fighter jets to be acquired by the country, based on -the aircraft's +-maintainability, credibility of, technology, weaponry and fire-power+.

+We are now in the final stages of making a decision on the type of jets to be bought,+ he added.

Education Minister Datuk Amar Dr Sulaiman Daud said he was satisfied with the \$7.312 billion allocation for his ministry which is the largest in the 1993 budget. -- more

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Budget-Mahathir 7 Kuala Lumpur

His ministry would be placing emphasis on technical and vocational education to help achieve the aims of the Vision. 2020 national objective to make the country a developed nation, he added.

He also said his ministry aimed to increase the enrolment in technical and vocational schools to 70,000 within the next five years.

Technical **and** vocational curriculll would be reviewed with the aim of having courses which would be able to produce more marketable graduates.

Science, Technology and Environment Minister Law Hieng Ding said the tax exemptions on cash awards received by scientists should be welcomed by the profession.

The move would encourage more local scientists to come forward and contribute towards the nation's scientific development through their discoveries, he added.

The incentive would also encourage the younger generation to become scientists besides helping to develop the future of the country's **science** field, he said. -- more

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Budget-Mahathir 8 Kuala Lumpur

Energy, Telecommunications and Post Minister Datuk Seri S. Samy Vellu said the five per cent service tax on telecommunication services would not burden the public since it would be charged on the total bill with tariffs remaining unchanged.

The service tax on telecommunication services - telephone, facsimile, paging, cellular phone and telex service - would take effect from Jan 1, next year.

Transport Minister Datuk Seri Dr Ling Liong Sik said the government move to set up the new Shipping Fund was in line with the shipping community's request to encourage the growth of the industry.

The country's ships could only carry less than 15 per cent of the country's total trade, he added.

The setting up of the \$800 million fund would further enhance the shipping industry in the country, he said.

He expected the shipping capacity to grow by 40 to 50 per cent with the setting up of the fund, to be handled jointly by the Treasury and Bank Negara. -- more

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Minister in the Prime Minister's Department Datuk Haji Abang Abu Bakar Haji Mustapha said he was happy to note the income tax exemption on the +Golden Handshake+ award received in lieu of leave by retiring public servants.

It reflected the government's gratitude to civil servants who had worked hard during their careers in running the country's administration, he added.

Primary Industries Minister Datuk Seri Dr Lim Keng Yaik said the budget would help develop economic growth besides helping to keep the country's inflation rate below four per cent.,.

He hoped the scope of the sales and service tax would be limited to ensure that the lower-income group were not burdened. -- Bernama

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