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PM FUNDS

PM: NO PROBLEM IN RAISING FUNDS

KUALA LUMPUR, July 3 (Bernama) -- Prime Minister Datuk Seri Dr Mahathir Mohamad said there should be no problem in raising funds for the infrastructure development fund and Danaharta because there are a lot of funds available locally as well as overseas.

He also said funds from the infrastructure development fund would provide spin offs effects to 140 other business sectors besides construction.

Dr Mahathir also expressed surprised that US Treasury Secretary Robert E Rubin said he did not say that he supported a lower interest rate regime for Malaysia.

"But that is the impression that I got. Whatever it is, our view is that we should have a lower interest rate in order not to kill business," Dr Mahathir told a press conference here.

"If he (Rubin) says he didn't say so, it's okay. It's not a problem to us, we are not asking for support from them," he added.

Rubin yesterday denied Malaysian newspaper reports that during a separate meeting with Dr Mahathir that he had recommended a cut in Malaysian rates.

"I don't agree," Rubin had said.

The government has approved several basic infrastructure projects like road building, water and electricity supply but they have had to be deferred due to shortage of funds.

But with the RM5 billion infrastructure fund just announced, these projects can now take off the ground.

Asked whether the increase in federal government expenditure on infrastructure projects would also be emulated by state governments, Dr Mahathir said: "(It would be) Up to our level of affordability." (Setakat yang kita mampu).

In sourcing funds from overseas, he said Malaysia would have to resort to loans based on commercial rates, except in instances where a country is prepared to provide financial aid on more acceptable terms.

He said for instance, Malaysia has borrowed from Japan for several projects and has also raised funds from the capital market.

Asked if raising funds abroad, with higher yields attached, would cause upward pressure on local interest rates he said: "No, we borrow at low interest rates from outside sources but it is the domestic interest rates which are high."

He added that Malaysia only borrowed what it required.

Dr Mahathir also called on government servants and officials to speed up their administrative procedures and processes because "time is money."

He said if in the past processing of approvals took one month, they (government employees) should now work harder to shorten it to a week or even in a matter of days.

The prime minister said that was why Malaysia adopted the Malaysia Inc policy because the private sector provided money for the government's administration.

For instance, a company making a profit of RM2 billion would bring RM560 million to the government's coffers based on the current 28 percent corporate tax.

"The Malaysia Inc policy is to provide co-operation between the government and the private sector and the profits of companies are

important for us (government)," ("Sebab itulah dasar Persyarikatan Malaysia adalah untuk tolong menolong antara kerajaan dan swasta dan keuntungan syarikat penting bagi kita."

He said the improved service provided by the government servants in helping companies make profits would be re-channeled back to them in the form of allowances and salaries as well as help the country in its economy recovery.

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