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PM: Generous perks due to recovery

KUALA LUMPUR, Fri. - The Government has introduced a good and generous Budget for next year because of the economic recovery, Datuk Seri Dr Mahathir Mohamad said today.

The Prime Minister said the various tax relief measures and incentives, including benefits for the low-income group, and bonus and pay rise for civil servants, could be given because the economy was expected to grow by five per cent next year.

"We can do this because recovery is much faster than we thought, from one per cent to 4.3 per cent (this year). A very good achievement ... a 400 per cent increase over our earlier projected growth."

He described the growth as beyond expectation and extraordinary.

Speaking at the Parliament lobby after the tabling of the 2000 Budget by First Finance Minister Tun Daim Zainuddin, Dr Mahathir said most companies had performed well and were expected to post better results next year.

He said the Government had done away with taxes on various items and looked into the welfare of the low-income group. It has also made lots of provisions to alleviate the problems of the poor and provided incentives for more business activities.

"We can afford to lose quite a lot in taxes, spend a bit more, because we expect the economy to grow by five per cent next year.

"Companies will do better, the people will generally earn more and Government revenue will increase. That's why we can afford to make so many cuts, pay bonus to civil servants and increase their basic pay by 10 per cent."

On whether the goodies for the civil servants were given to win their support in the general election, Dr Mahathir said:

"No. They have been asking for a revision of their pay before this but they have been very considerate. During the downturn, they never asked because they knew the Government could not afford it. But now, we look at our income for next year and decide that we can afford it, so we give."

Asked whether the Budget had improved the Barisan Nasional's chances of winning the election, the Prime Minister quipped:

"I don't know about that but from my experience with budgets, on the first day, everybody is happy, second day not as happy, on the fourth (day) and a week later, they will say it is a rotten Budget.

"So, if we are to hold (the) election today, I think we can win but a week later, we will lose because the Opposition will dig up the dirt and tell lots of lies to the people."

He said, only this time, it was interesting as the Opposition had introduced its own Budget although it had already admitted defeat by the fact that its stated intention was only to reduce the BN's two-third majority in Parliament.

"So why produce the Budget ... I don't know, except to hoodwink the people."

On expectations from the corporate sector of more relief measures, Dr Mahathir said a lot had been done for it by the Government. He said there were other perks of which the corporate sector could take advantage.

On the exit tax for foreign portfolio investment, he said it was ridiculous to expect that no tax be levied.

"We are taking only 10 per cent from the profit, and not capital gains. It is very small and we are not asking very much."

Dr Mahathir was also asked whether the ringgit would forever be pegged to the US dollar.

"Forever is a strong word, but I think it is going to stay like that because we don't like currency rates to fluctuate violently as this is bad for business."

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