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Budget-Benefits

2002 BUDGET BENEFITS A LOT OF PARTIES

KUALA LUMPUR, Nov 2 (Bernama) -- The 2002 Budget tabled by the government on Oct 19 benefited a lot of parties, especially the lower-income group regardless of whether they are government servants or not, Prime Minister Datuk Seri Dr Mahathir Mohamad said here today.

Amidst the global economic slowdown, the perks provided in the country's budget were enormous, he said after the Umno Supreme Council meeting.

"To spend that amount of money for the people, I think, is quite an achievement. So please appreciate that," Dr Mahathir said.

He also said that the 10 sen price hike in petrol and diesel was not that much, only eight per cent of the previous price.

"We are now spending RM1.4 billion in petrol and diesel subsidy. The 10 sen increase does not mean that we will wipe out the subsidy. From RM1.4 billion we can save only RM300 to RM400 million," he said.

Dr Mahathir said that the government provided tax cuts, additional allocations and other perks worth billions of ringgit.

The government could only save RM300 million to RM400 million on the hike on petrol price, which is not only used by the poor but also by the rich, he added.

He said the government tried to be fair to all parties, but some people only wanted to focus on the petrol price hike issue as if the government had not provided any other perks for the rakyat.

The government has given a half-month bonus with a minimum of RM1,000 to government servants this year apart from a 10 per cent pay increase effective next year.

Dr Mahathir said that for government servants whose salaries are RM1,000 or less a month, the RM1,000 bonus is about one month's pay, and for those earning RM500 a month, it is equivalent to two months' bonus.

Dr Mahathir said that money spent on petrol after the price hike is still not that much, compared with the extra income enjoyed by government servants this year through the bonus, and the 10 per cent pay increase beginning next year.

The spending on petrol will not take up the entire extra income obtained by the government servants, he added.

If they spend a maximum of RM500 a month, with the 8 per cent increase, they only need to spend an additional RM40.

Meanwhile, private sector workers will enjoy a tax cut of 28 per cent compared with 29 per cent previously, Dr Mahathir said.

He said that the government had also increased tax allowance which would result in some not having to pay taxes at all.

"So can't they spend a little bit more on fuel?" he asked.

Dr Mahathir said: "For the people in the kampung, how much of fuel will they require? Only for motorcycles, maybe. If they can own cars, then maybe it is because they have a lot of money."

The government has also allocated RM5.3 billion for rural development which would benefit Class F contractors and traders, he added.

Asked on the impact of the petrol hike on transportation cost, Dr Mahathir said that a government survey found that fuel cost for transportation companies is only 10 to 20 per cent of their operations cost.

"If there is an 8 per cent hike (in petrol price), the increase in fuel

cost would only be 0.8 per cent and at the most 1.6 per cent," he said.

As such, Dr Mahathir said there was no reason why transport companies should increase the cost of public transport.

Dr Mahathir said: "Usually, when we increase the price of certain goods by five per cent, all will increase by five per cent. When we decrease it by five per cent, they will say that they could not lower the price as the goods were old stocks," he said.

-- BERNAMA

MK FR YBY