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Spending of 87pc of budget allocation hailed by economists

TWO economists yesterday commended the Government for spending a substantial sum of its 2001 development budget - 87 per cent as announced on Monday.

Commenting on Prime Minister Datuk Seri Dr Mahathir Mohamad's dissatisfaction that 13 per cent or close to RM3.8 billion that was allocated had not been spent, they say the Prime Minister was setting a very high target for the implementation of the projects under the yearly budget.

Former Treasury deputy secretary-general Tan Sri Ramon Navaratnam said the successful utilisation of 87 per cent or RM25.1 billion of the budget allocation, was "something not to be found elsewhere in the world".

"It is true that bureaucratic procedures could hamper the undertaking of a project but this has to do with accountability, something which is not only found in Malaysia.

"There is always a gap between allocation of funds and achievement simply because we have to go through all problems necessary to safeguard the integrity of public funds.

"Nonetheless, this is a very commendable percentage ... Looking back, there used to be a 25 per cent shortfall during my time," he said in a telephone interview.

Dr Mahathir had expressed dissatisfaction on Monday that the Government had failed to utilise RM3.8 billion in its 2001 development budget due to complications in identifying projects and bureaucratic procedures.

However, most of the RM62.21 billion allocated as operating expenditure under the 2001 Budget had been used up.

Dr Mahathir also revealed that the two special packages valued at RM7.3 billion to stimulate the country's economy, were also under-utilised with only 50 per cent of the money spent and the Government had decided to plan its budget over two years to ensure that all ministries and departments utilised their allocation on time.

Navaratnam, who served in the Finance Ministry from 1961 to 1986, also proposed that government departments should seek "much more allocation than they would spend to prevent delays in securing funding approvals from the Treasury or their respective ministries".

"Situations can be unpredictable at times. If we need to spend RM100 million, it is advisable to request for an allocation of RM120 million as the fund goes through a long channel before it reaches the recipient. Such measure will prevent the need to go back to the Parliament every time extra funding is required.

"The excess funding can be made a provision for future spending," said the Navaratnam, who is currently an adviser to a listed company.

He said "a bit of fine-tuning to procedures" such as the delegation of more senior officers to approve fundings or changing the mentality that funds were always subject to abuse, might also help.

"I understand Dr Mahathir's concern as he is keen to get the country's economy out of its low growth. He wants to expedite the country's economic recovery. Therefore, he fears that any delay in the implementation of development projects can obstruct our recovery."

Malaysian Institute of Economic Research executive director Dr Mohamed Ariff Abdul Kareem expected the "final figure" of both the 2001 development budget and fiscal stimulus packages to be higher as more

development projects were taking place in the fourth quarter.

He said this was especially so for the RM7.3 billion budgetary stimulus, of which the second package of RM4.3 billion was only introduced in September last year.

"Much depends on the nature of the projects ... Due to its late introduction, the RM4.3 billion package for short-term non-infrastructure development is likely to take a longer period before its effect can be seen."

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