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Contractors see good times from two-year budget system

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LOCAL contractors see the proposed two-year financial development budget system as a best method to overcome delays in project implementation.

Malaysian Malay Contractors Association chairman Datuk Roslan Awang Chik said the two-year budget is a practical decision which not only saves time but will also ensure completion of projects as per schedule.

"With identification of projects done much earlier we will not be burdened with the task of closing our accounts every year end.

"The two-year budget will mean that there will be no stoppage of economic expenditure," he told Business Times.

Prime Minister Datuk Seri Dr Mahathir Mohamad had deliberated on the suggestion to introduce a budget over two years at the Institute of Public Administration's Third Dialogue with the Prime Minister on Monday.

Dr Mahathir said this is to ensure that all ministries and departments utilise their allocation on time.

He explained that one budget was for actual implementation while the other was for identifying projects to be undertaken the following year.

Roslan said in the past the period between January and February each year will be a "dry" period for contractors in terms of receiving payment.

Contractors will usually be paid beginning March every year as the Treasury has to sort out the administrative details before payments are made, he added.

"That is why we see many ministries tend to embark on 'Christmas shopping' every year-end because they have excess funds.

"This kind of impromptu spending sometimes lack proper planning.

"We hope the new system will overcome such delays in the future," he explained.

It was reported that only 87 per cent of the Government's development budget of RM28.84 billion for 2001 was utilised while only about half of the two stimulus packages totalling RM7.3 billion had been used.

Complications in the identification of projects and bureaucratic procedures had contributed to the under-utilisation of budgeted funds

Land acquisition has been deemed as one of the main culprits in delaying infrastructure projects such as roads, schools and housing quarters.

While acknowledging that land-related issues can push back project dateline anything between one and three years, Roslan added that this problem can be minimised if there is better coordination between the various Government agencies connected to a particular project.

"If it is government land then the process of acquiring it may be shorter but individual land may pose problems due to disagreement on valuation aspects and payment.

"Then again we have the political element where a federal project may be delayed due to not getting enough cooperation from say, a state that is not controlled by the ruling party," he said.

Citing Terengganu as an example, Roslan said 28 new schools were targeted to be completed in the state by end of 2000 but so far only about half of the projects have taken off.

Wong Wai Ching, director of Education Works Division, Works Ministry, said the land acquisition issue must be settled before a certain project can get started.

"It's no use talking about budgeting if the land matter is not sorted out.

"As far as the two-year budget is concerned our division has no problem in planning for a two-year period.

"For example, if a school project is given to us with the land aspect being taken care of, we will carry out the design construction as planned," Wong said.

Besides land there is also the inefficiency of contractors which may contribute to the delay.

For instance, the project for computer laboratories project have not been completed as scheduled, and this has irked the Government, resulting in the termination of four contractors by the Ministry of Education.

The project to build 12,000 computer labs was tabled in the Budget 1999 and under phase one of the project 2,400 computer labs were supposed to have been built.

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