

**2019 budget to be based on average oil price assumption of US\$70 per barrel - Tun M
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KUALA LUMPUR, Oct 18 (Bernama) – The government is estimating the 2019 Budget allocation based on an average crude oil price of US\$70 per barrel, although the benchmark Brent crude oil was nearing US\$80 per barrel currently, said Prime Minister Tun Dr Mahathir Mohamad.

Elaborating further, he said allocation for the country's development would be reduced, as it was unavoidable, but the operation budget would be maintained.

"For the 2019 Budget, we have to use our revenue, to that extent, to pay debts. We (however) cannot reduce the operation budget, it has to go on.

"But, to what extent the budget would be reduced, you have to ask the Minister of Finance," he told reporters at the Parliament lobby after presenting the 11th Malaysia Plan Mid-Term Review Report (2016-2020) at the Dewan Rakyat here today.

Dr Mahathir reiterated that the reduction in development budget had to be done as the government was obligated to service the RM1 trillion debts inherited from the previous government.

To a question on the possible downgrade of the country based on estimates that the fiscal deficit would amount to three per cent of the Gross Domestic Product (GDP), the prime minister said the market would react one way or the other.

However, the government would try to improve the country's economic, political and social landscape, Dr Mahathir said, adding that the current administration was saddled with high level of debts which was a constraint on economic growth and development.

“Whether we like it or not, that’s the fact, (but), we were able to do some development from the income derived, but for the deficit target, three per cent is currently our target,” he added.

As for the GDP target of between 4.5 per cent and 4.9 per cent for the year, he explained that growth was slower compared with the previous government’s GDP forecast which included off-budget element.

“Whatever they don't like, they put off-budget , they borrowed RM42 billion and (categorised it as) off-budget... it is now inherited by this government and a company 100 per cent owned by the government, (hence) it affects our finances (now),” Dr Mahathir lamented.

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