



MONEY MATTERS: Abdullah arriving for Budget Consultation 2005 at the Finance Ministry yesterday. On the left is Second Finance Minister Tan Sri Nor Mohamed Yakcop. Behind them are Deputy Finance Minister Datuk Dr Ng Yen Yen and Secretary-General of the Treasury Tan Sri Dr Samsudin Hitam (right)

Govt-linked firms, private sector to fill spending gaps

NST-7/5/2004:
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■ By MAISARA ISMAIL

GOVERNMENT-LINKED companies and the private sector are expected to step up and fill the gaps in public spending as the Government tries to narrow the budget deficit.

Malaysia may prune the budget deficit to below the 4.5 per cent target this year before lowering it to between 3.5 per cent and 4 per cent next year, said Prime Minister Datuk Seri Abdullah Ahmad Badawi.

In his Budget Consultation 2005 opening address yesterday, Abdullah said in the medium term, "the reduction in government spending will be taken over by the private sector, including by the government-linked companies (GLCs)".

"The Economic Planning Unit will work with the GLCs to identify investment opportunities that can be taken by the companies," he told businessmen and civil servants in Putrajaya.

For this, a task force will be formed, headed by Minister in the Prime Minister's Department Datuk Mustapa Mohamed, and attended by Second Finance Minister Tan Sri Nor Mohamed Yakcop and private sector representatives.

"I believe the private sector can accommodate whatever reduction in the Government's expenditure compared with in the past," said Abdullah, who is also Finance Minister.

Analysts and economists contacted said along with lower public investment taking

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place, this could mean more spending will have to be done by the GLCs for the deficit to be narrowed.

"We may see higher capital expenditure from companies like Tenaga Nasional, Proton and PLUS to make up for the fall in government pump-priming activities of late," said an economist with a local brokerage.

Malaysia is hoping that investment by the private sector will finally recover after seven years, and help push the economy this year.