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Incentives for SMIs to become Y2K-compliant

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KUALA LUMPUR, Tues. - With the majority of major businesses well on their way to becoming Y2K-compliant, the Government has approved a package of financial incentives targeted at small and medium industries for them to do the same.

With these incentives, SMIs can now claim tax deductions for any purchase of relevant computer software spread over two years, Energy, Telecommunications and Posts Minister Datuk Leo Moggie said today.

"SMIs with a shareholder capital of not more than RM10 million can also apply to Bank Negara for a soft loan from the RM1.5 billion SMI Fund," he told reporters after launching the Y2K National Conference at the Putra World Trade Centre.

"This emphasis on SMIs is because they form an important link in the business supply chain of bigger and better established companies, and are therefore important in supporting the Government's move to sustain a positive economic growth for the country," he said.

The Y2K problem, also known as the "millennium bug", refers to the inability of some computer chips to recognise the year 2000 and beyond in their data-sensitive functions, possibly resulting in system errors or shutdowns.

Meanwhile, Moggie added that the Government was discussing with the World Bank the possibility of obtaining a loan to support funding for Y2K compliancy in the public sector.

In the Budget announced last week, Prime Minister Datuk Seri Dr Mahathir Mohamad had said RM100 million was being added to the initial allocation of RM30 million to ensure that all government agencies and departments were Y2K compliant.

"The chances of needing more is quite possible, which is why we are having discussions with the World Bank," Moggie said, declining to reveal the amount of the loan.

"Nothing has been finalised yet, but so far the Bank has been very responsive. The money will also be channelled to SMIs."

Moggie said Malaysia was also seeking a technical support grant from the World Bank that would go towards remedial work, seminars and courses.

On the readiness of major private companies to deal with the "millennium bug", Moggie said all had reported various stages of compliance, with most scheduled to begin testing their new systems by June next year.

"The banking sector's progress is very advanced, and they have reported to us that they will be ready for testing by December this year. The oil and gas sector is also far along in their work, as they began in 1996," he said.

The three-day conference, entitled "Business Survival in the Next Millennium", is organised by Macro System Consultancy Sdn Bhd, a subsidiary of Kemayan Corporation Berhad.

The New Straits Times is the official newspaper.

The conference, which will focus on issues concerning the Y2K problem for managers and technical staff in organisations, will include workshop sessions by industry leaders sharing their experiences on the Y2K problem and the steps taken to address it.

At the opening ceremony, Moggie also launched a book entitled Y2K Crisis: Management Briefing and Awareness Crash Course by Lim Yong Cheang.

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