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10,000 projects expected to benefit Class F contractors

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THE Government's recent RM4.3 billion stimulus package is expected to create some 10,000 small-scale construction-related projects that will benefit a lot of class F contractors.

Deputy Works Minister Mohamed Khaled Nordin said that based on an assumption of RM1 million per parliamentary constituency and the value of RM20,000 per contract, small-scale contractors in each constituency have ample contracts at hand.

There are 193 parliamentary seats in the country, with each constituency looking at a minimum of 50 small-scale contracts.

"These contracts are not under the purview of the Works Ministry, but are handled by the state development offices and district offices. They will have to be completed in the next three months or before the end of the year," he told reporters in Kuala Lumpur after opening the Future Trends in Construction and Manufacturing Towards a Borderless World Seminar KL 2001 yesterday.

The seminar is jointly organised by the Construction Industry Development Board Malaysia (CIDB) and the Institute of Value Management Malaysia.

Under the second stimulus package announced on September 25 by Prime Minister Datuk Seri Dr Mahathir Mohamad, RM1 billion will be allocated to carry out small rural and selected urban development projects and RM300 for upgrading and maintenance work for government buildings, quarters and facilities, particularly schools and police stations, and rural infrastructure.

A special allocation will also be available to upgrade Government-owned kindergartens.

An economist said these funds are aimed at spurring economic activities in the face of sluggish global economic conditions.

"If these funds are spent directly to finance the various small-scale projects all over the country, we hope to see a positive multiplier effect in the domestic economy," the economist said.

On complaints from contractors about delays in payment, Mohd Nordin said the delays were usually caused by contractors not meeting certain specifications of the projects.

"We want to make sure that all the projects benefit the public, and as such we want to ensure that all criteria are met. There is no red tape delay, but sometimes it happens if the project involves land matters," he said.

Commenting on the construction sector, he said it is vital to the economy of the country as some RM70 billion of the total allocation under this year's budget is for the industry.

He said Malaysian contractors should not just be satisfied with securing contracts overseas but should also seriously consider exporting their services.

Mohd Nordin added that 50 contracts worth RM2.9 billion in the country were awarded to foreign contractors last year.

"These contracts come from both the Government and private sectors," he said.

He said the Government will give priority to local contractors, but where certain expertise is lacking the projects may be open to foreigners.

"Even if we award contracts to foreigners, they must undertake them with

a local partner.

"However, where the private sector is concerned we cannot determine who to give the contracts to."

Speaking on the role of the CIDB, Mohd Nordin said the body has a vital role to play in ensuring that the construction industry maintains a high standard and seeks ways of improving the industry.

He said Malaysia can export building and construction materials if these products are of a high quality.

He added that the construction industry in Malaysia has a bright future since the country is still a developing nation.

"We still have a large capacity to carry out many construction projects," he said.

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