

25 SEP 2001

Mahathir-Stimulus

PM ANNOUNCES RM4.3 BILLION STIMULUS PACKAGE

PUTRAJAYA, Sept 25 (Bernama) -- Prime Minister Datuk Seri Dr Mahathir today announced a stimulus package totalling RM4.3 billion, with immediate effect, in an effort to ward off the possible negative effects of an imminent global economic slowdown.

Dr Mahathir, who is Finance Minister, told a news conference here that as a result of the turn of events in the global economy, Malaysia's economic growth this year was expected to be around 1 to 2 per cent.

Malaysia earlier forecast a growth of between 5 and 6 per cent for this year.

The stimulus package announced today is in addition to the RM3 billion stimulus package announced in March this year for the development of infrastructure projects such as schools, community colleges and new universities and the RM28 billion allocation in the 2001 Budget announced in October last year.

The prime minister said the focus of the package was to generate economic activities and ensure a fair and wide distribution of benefits to a large segment of the population including an increased number of Bumiputera contractors and those dependent on welfare assistance.

The package is also aimed at ensuring optimal spin-off effects on the economy.

It includes RM1 billion worth of small rural and selected urban development projects.

Dr Mahathir said the government would double the current rate for welfare payments under the National Unity and Social Development Ministry in order to assist poor families. This will cost the government RM80 million per annum.

There will also be a special allocation for upgrading kindergartens run by the Community Development Department (Kemas).

An additional RM300 million will be allocated for upgrading and maintenance of government buildings, quarters and facilities particularly schools, police stations and rural infrastructure.

Besides this, an additional RM300 million will be for constructing computer labs in 2,000 schools.

A RM500 monthly allowance on a temporary basis will also be made for 10,000 degree and diploma holders to learn information technology, mathematics and languages. This will cost the government an additional RM150 million until the end of 2002.

An allocation of RM150 million will be for training retrenched workers. The package includes improving the terms and access to financing under existing special funds for small- and medium-scale enterprises.

A sum of RM110 million has been set aside to intensify efforts to promote tourism.

Dr Mahathir said in addition to the above-mentioned measures costing RM2.5 billion, other strategies in the RM4.3 billion package would be announced during the 2002 Budget on Oct 19.

He said the government had also taken steps to enhance the efficiency of project implementation by speeding up payments to contractors and remove bureaucratic delays.

Weekly meetings were being held between the relevant parties and government authorities to enhance the government's delivery system, he said.

Dr Mahathir said with the implementation of the package, the government was confident that the downside to the Malaysian economy could be minimised.

He said the world economy appeared to have taken a negative turn following the recent events in the US.

Therefore, he said, a global economic slowdown appeared imminent and Malaysia, being an open economy, would have to face its implications.

He said the objective of the stimulus package was to generate economic activities with spin-off effects.

The prime minister said that it would also expedite the implementation of existing and new small-scale projects that would generate business and income opportunities for small enterprises.

It would cushion the implications of the poor and other less advantaged sections of society, he said.

Dr Mahathir said it would also reduce the effects of the slowdown by encouraging retrenched workers and unemployed graduates to attend skills training programme and assist employers to increase the training of their workers who may be retrenched.

Meanwhile, National Economic Action Council (NEAC) Executive Director Datuk Mustapa Mohamed said the RM1 billion for small rural and selected urban development projects, the special allocation for Kemas kindergartens and RM300 million for upgrading and maintenance of government buildings would be spent within three months.

The doubling of the current rate for welfare payments under the National Unity and Social Development Ministry costing RM80 million would, however, be effective immediately. The disbursement for computer labs would take some time, he said.

As for the RM500 special allowance for retraining retrenched workers, Mustapa said it would be implemented within the next few weeks.

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