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Weekly reports pay off

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KUALA LUMPUR, Tues. - Ministries have been required to submit weekly reports to the Prime Minister on the spending of funds allocated to them for some time now.

Datuk Seri Dr Mahathir Mohamad said today that since this was enforced, ministries had been more pro-active in utilising their allocations.

"If they are slow, we will look into the reasons," he said at a Press conference at Parliament House.

Dr Mahathir had earlier announced fiscal measures to help stimulate the economy and promote consumption, including closer monitoring on the implementation of new projects and those already approved.

The measures were introduced to ensure growth momentum was sustained in view of the slowdown in the United States that was expected to effect Malaysia's exports and growth prospects.

On sourcing for the additional RM3 billion to the fiscal stimulus approved under Budget 2001 needed, the Prime Minister said it was being worked out by the Ministry of Finance, adding he was confident the funds could be raised.

He did not dismiss the possibility of Government bonds being issued.

On whether the bank intervention rates would be lowered, Dr Mahathir said interest rates in Malaysia were already low.

"Businesses have access to funds and of course, if necessary, we may reduce (rates). But at the moment, there is no necessity."

Dr Mahathir agreed that some of the measures were aimed at encouraging public spending.

"We want consumers to spend more as it will contribute towards stimulating the economy. When we buy things, people make profits which are then taxed by the Government."

Asked on how bad the situation would be if the measures announced were not put in place, the Prime Minister said growth would be affected.

"The figure will go down but it will still be better than most countries. But since we have targeted seven per cent and we are used to high growth, we would like to maintain it."

However, the Prime Minister cautioned that even with the measures in place, a seven per cent growth might not be achieved as the US slowdown was bound to affect Malaysia.

For example, he said electronics exports were already affected, with some companies already relocating their operations to cheaper countries.

On the revised GDP, he said the figure was being worked out.

To a suggestion that the two per cent reduction in monthly contributions to the Employees' Provident Fund would be opposed by some as it would affect employees' savings, Dr Mahathir said the amount involved was small.

"The amount collected by EPF is among the biggest in the world. Every month, it collects RM1.6 billion, so the reduction will not affect the total amount managed by the fund. In fact, before the year end, its total funds is expected to exceed RM200 billion."

On the eight per cent annual loan growth, the Prime Minister said the Government was aware that during the recent crisis, banks had been reluctant to provide lendings.

On changes to be made to the Foreign Investment Committee's rules pertaining to foreign equity as well as property and asset acquisition by foreigners, Dr Mahathir said it was noted that many things done by the

committee were "superfluous".

He cited as example the need for permission to be obtained when foreigners were involved in buying properties although owned by foreigners.