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Package-Reaction (Cuepacs)

BONUS, LOWER INTEREST RATE ARE POSITIVE MEASURES, SAYS CUEPACS

KUALA LUMPUR, May 21 (Bernama) -- Cuepacs has described the half-month bonus for civil servants and the reduction in housing loan interest rate as positive steps to encourage the people to spend wisely to help stimulate the economy.

Cuepacs president Datuk N. Siva Subramaniam said the measures contained in the government's strategic economic package were comprehensive and would benefit all the people.

"For government servants, the package, which, among other things, gives a half-month bonus, is viewed as a positive step to ensure that the employees would spend.

"The provision of extra credit for housing projects and reduction of housing loan interest rate in the first year will help civil servants, especially the lower-income group," he said when commenting on the package.

Prime Minister Datuk Seri Dr Mahathir Mohamad today unveiled a four-pronged strategic economic package worth RM7.3 billion to bolster the nation against the global uncertainties and lend a helping hand to sectors affected by the fallout from the Severe Acute Respiratory Syndrome (SARS) outbreak and the war in Iraq.

Siva said the package outlined comprehensive actions that would focus not only on the economic sector but also the social aspects of life.

The package showed the government's concern for the people as it contained specific measures to check the spread of SARS and improve the people's health through allocations for maintaining cleanliness and cancer research, he said.

On the reduction in workers' contributions to the Employees Provident Fund (EPF), he urged the government to make it compulsory, and not give workers an option to maintain their contributions at the existing rate as was done in April 2001.

Cutting the rate of workers' contributions was an appropriate move to increase their disposal income, he said.

He said similar steps had been taken by other countries to stimulate their economy.

EPF contributions by workers will be reduced to 9.0 per cent from 11 per cent currently for one year beginning June 1, 2003.

However, Malaysian Trades Union Congress (MTUC) president Senator Zainal Rampak said it was not wise of the government to cut workers' EPF contributions.

"If a worker's salary is RM500, the two percent saved through lower contributions to EPF is RM10; what can that (RM10) buy?" he said.

The government also implemented a similar one-year cut in EPF contributions from April 2001 to April last year to stimulate the national economy following the American economic downturn.

Zainal said MTUC, however, supported the other measures outlined by the government in the strategic economic package.

-- BERNAMA

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