

RM7 Billion To Stimulate Economy

KUALA LUMPUR, Nov 4 (Bernama) -- The Government Tuesday announced a RM7 billion stimulus package to reinforce the economy, strengthen national resilience and to maintain economic growth momentum to face the increasingly challenging global economic climate.

Deputy Prime Minister Datuk Seri Najib Tun Razak said measures pronounced in the package was proof of the government's serious concern for the people's well-being and to stimulate private sector confidence.

The RM7 billion saved from the fuel subsidy will be channelled to enable more people to own houses, said Najib, who is also Finance Minister, said when winding up the debate on the 2009 Budget in the Dewan Rakyat.

To ensure more people can afford to own houses, he said, RM1.2 billion has been allocated to build 25,000 units of low-and medium-cost houses.

Also, RM500 million has been set aside to upgrade, repair and maintain police stations, living quarters, army camps and quarters, he said.

Najib also said RM600 million would be channelled to minor projects under the public and basic infrastructure project maintenance programme.

These include maintaining village roads, building community halls and small bridges, he said.

The Deputy Prime Minister said the allocation would help small-time contractors to address the problem of shortage of construction projects.

He said RM500 million has been apportioned to repair and maintain public amenities such as roads, schools and hospitals and another RM500 million has been sanctioned to build and upgrade roads in rural areas, villages and agriculture roads including in Sabah and Sarawak.

Najib also said the Gross Domestic Product (GDP) would be revised downwards to 3.5 percent for 2009 from five percent this year.

Under the additional allocation, 25,000 houses will be built.

They comprise:

*6,500 houses by Syarikat Perumahan Negara Bhd;

*4,000 houses under the People's Housing Programme by the Housing and Local Government Ministry;

*15,000 houses costing between RM30,000 and RM35,000 each in Peninsular Malaysia and between RM35,000 to RM40,000 in Sabah and Sarawak to be built by the Rural and Regional Development Ministry.

These houses will be built under the Hardcore Poor Housing Programme by the Rural and Regional Development Ministry.

On the average, 100 houses for the hardcore poor will be built in every district nationwide, he said.

Under the Amal Jariah programme handled by Prokhas, a subsidiary of the Finance Minister Incorporated, old and dilapidated houses of the hardcore poor will be repaired so that they can live in comfortable and safe houses.

Under the programme, launched early this year, 7,000 houses have been repaired at a cost of RM40 million.

In 2009, Prokhas will repair 15,000 houses while Khazanah Nasional Bhd will coordinate initiatives by government-linked companies to implement the Sejahtera programme to repair 5,000 houses.

To facilitate low-income earners who do not have permanent income to get housing loans, the government has set up Housing Credit Guarantee Scheme for housing loans up to RM100,000.

Since its launch, 800 borrowers, including petty traders, farmers and fishermen have had their loans approved totalling RM35 million.

In recognition of the role played by armed forces personnel and to care for their welfare, the government has allocated RM500 million to upgrade, repair and maintain police stations, living quarters, camps and military quarters.

He said RM250 million has been set aside for the police and another RM250 million for the defence forces.

The projects will be implemented immediately because the government feels the welfare of the security forces must be given priority.

A total of RM600 million has been allocated for minor projects under the public and basic infrastructure maintenance programme. These include maintaining village roads, building community halls and small bridges.

Najib also said the inflation rate in 2009 is expected to be at between three and four percent if fuel prices remain at the current downward trend.

He said the government's fiscal deficit for next year was still under control, at 4.8 percent as the government had chosen to draw up a budget that maintains economic growth momentum.

He said the deficit level was the same as the 2009 projected deficit.

"The 4.8 percent deficit is temporary, within the reasonable range, as the country had sufficient liquidity to borrow from internal sources," he said.

He said the government would adopt the "expansion" policy as being practised by other countries currently.

Beginning February 2009, Najib said biodiesel will be used, starting with government vehicles, followed by the industrial and transport sectors.

It is estimated that 500,000 tonnes of palm oil a year is needed when it is fully implemented in early 2010, he said.

To reduce cost of agriculture inputs, especially fertilizer, the government has agreed to abolish the five percent import duty imposed on seven types of fertilizers.

This is in addition to the abolition of import duty on one fertilizer in the 2009 Budget.

With this move, all imported mineral fertilizers are no longer subjected to import duty, Najib said.

In tandem with the reduction in crude oil prices, the fertilizer manufacturing industry has agreed to help government efforts to cut down fertilizer prices by at least 15 per cent immediately, he said.

Najib said the 2009 Budget took into account and projected the challenging global scenario for next year.

Nevertheless, sudden changes in the global economic scene of late have warranted the government to take proactive measures to insulate the economy from the global economic turmoil and financial meltdown.

"This extraordinary time requires extraordinary measures", he said.

"It must be stressed that the total expenditure amount mentioned in the 2009 Budget has not changed. The fund used for the additional measures is money saved from the fuel subsidy," he said.

Under the strategy to implement expansionary fiscal policy, Najib said the government would review all projects with a view to giving priority to projects that can be implemented immediately and have high multiplier effects and low import content.

This will be implemented without affecting the development expenditure allocated for 2009, he said.

For instance, the government has deferred the procurement of helicopters for the Defence Ministry and Home Ministry so that the money can be used for other development projects, he said.

To further upgrade the education system and taking into account the wishes of all races, the government will allocate RM200 million for four categories of schools -- RM50 million each for government-aided religious schools, mission schools, Chinese primary schools and Tamil schools.

He said RM300 million has been allocated to set up a fund to implement skills training programme to meet employers' and industries' requirements especially in the regional development corridors.

The government will allocate another RM500 million to maintain and strengthen the public transport system particularly the light rail transit systems, commuter and bus services in major towns as the cost of living in urban areas was high including to pay for transportation cost.

Najib also announced an allocation of RM1.5 billion to set up an Investment Fund to woo more private sector investments, with focus given to strategic and high-value sectors and high-impact projects in terms of investment value.

Najib said to revive abandoned housing projects at selected and viably strategic areas, the government has agreed to allocate RM200 million.

He said the projects will be managed by Syarikat Perumahan Negara Bhd (SPNB).

The government will also allocate RM100 million to increase business premises besides beautifying and landscaping small towns nationwide, he said.

He said this move will help increase small-and medium-scale entrepreneurs and to market locally produced products.

This programme will be implemented by Mara under the Entrepreneur and Cooperative Development Ministry, he said.

To produce a better quality future generation, Najib said RM200 million will be set aside for early education for children aged between one and six.

"This includes programmes such as PERMATA Negara, Kemas and Unity kindergartens and pre-school classes," he said.

Najib said the government will set up a Project Management Unit through the Finance Ministry to monitor and coordinate implementation of critical and high-impact projects to ensure efficient and effective implementation.

"This is because the government realises that given the uncertainties in the global economic climate, the swiftness to act in implementing the programmes is very critical.

"Focus will be given to projects with high multiplier effects to stimulate economic growth," he said.

The unit comprising senior government officials, regulatory bodies and government-linked companies will report straight to the Finance Minister, he said.

Najib said the government proposed to use a new method by calling for open tenders involving the private sector and government-linked companies (GLCs) to develop parcels of land at strategic locations.

"If the development concept can be implemented, the government is expected to earn substantial revenue," he said.

He said the government would identify assets in the form of strategic land that can be offered through this initiative including Malaysian Rubber Board land in Sungai Buloh, government land at Jalan Cochrane and Jalan Ampang Hilir in Kuala Lumpur, Najib said.

The government is also confident that an increased number of 110,000 people would be able to receive welfare aid as announced in the 2009 Budget.

Najib said the government would allow workers to reduce their Employees Provident Fund (EPF) contribution voluntarily by three percent from Jan 1, 2009 to increase the disposable income.

To make it easier for government servants to own cars, the government would increase the car loan eligibility to RM60,000-RM70,000 for the top management group, RM55,000-RM65,000 for Grades 41 to 54 and RM45,000-RM55,000 for the support group.

Civil servants who already have housing loans, now have the option of extending the tenure of their loans to 30 years from 25 years before.

The government will also liberalise the service sector under the Asean Free Trade Area (AFTA) allowing up to

70 percent equity in 2015.

Among the sectors that will be liberalised include logistics, specific activities in the telecommunications sector, private hospital services and the higher learning sector.

To boost private sector activities, the government would abolish the import duty for cement, long iron and steel products for the construction and manufacturing sectors.

"Besides this, all approved permits (APs) for long iron and steel products will be exempted. The move will assist government efforts in boosting construction activities," he said.

The government would also allow foreigners and foreign entities to buy commercial properties worth RM500,000 or more without any approval from the Foreign Investment Committee (FIC), on condition the property is for personal use.

"The move is aimed at encouraging investment, especially in the country's property sector," said Najib.

Work permits given to employers currently would be given directly to the workers to facilitate the intake of knowledge workers, he said.

The Deputy Prime Minister said the government would also hasten the intake of government employees for critical posts badly needed in the civil service.

Currently, there are 18,000 vacancies for critical posts in the public sector.

Najib said Bank Negara would make available micro-credit facilities amounting to RM200 million to assist entrepreneurs undertaking small businesses.

The government would also make available a RM100-million revolving fund for the urban micro financing programme.

The programme is placed under the Amanah Ikhtiar Malaysia following the success of a similar programme in rural areas, said Najib.

The government would also ensure that a major portion of the government procurement would be made through open and restricted tenders to further smoothen the procurement process and make it more transparent and value for money, he said.

Procurement for Bumiputera contracts would also be tendered through competitive bidding among Bumiputera companies, said Najib.

In efforts to face the challenging economic environment, the Deputy Prime Minister urged the people to join hands with the government to cope with the current crisis.

"We need to learn from our past experiences, where we have succeeded in riding out every crisis through the people's unity and close cooperation," he added.

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