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KUALA LUMPUR, JAN. 28 (BERNAMA) — THE FEDERAL GOVERNMENT HAS AGREED TO GIVE LAUNCHING AND ANNUAL GRANTS TO LOCAL AUTHORITIES TO IMPROVE THEIR SERVICES, DEPUTY PRIME MINISTER, DATUK SERI DR. MAHATHIR MOHAMAD, SAID HERE TODAY.

THE TREASURY HAS AGREED THAT THE ARREARS OF PAYMENTS BY THE LOCAL AUTHORITIES WOULD BE WRITTEN OFF.

DATUK SERI DR. MAHATHIR ALSO ANNOUNCED THAT THE EDUCATION TAX WAS ABOLISHED WITH EFFECT FROM JAN. 1 THIS YEAR TO LIFT THE BURDEN ON LOCAL AUTHORITIES.

THE FEDERAL GOVERNMENT, HE SAID, HAD ALSO AGREED TO GIVE INTEREST-FREE LOANS TO STATE GOVERNMENTS TO MEET THE COST OF IMPLEMENTING THE NEW SALARY SCHEME.

HE MADE THESE ANNOUNCEMENTS AFTER CHAIRING THE NATIONAL FINANCE COUNCIL MEETING AT PARLIAMENT HOUSE HERE. — BERNAMA MORE 1435/AB

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THE STATE GOVERNMENTS ARE ALSO TO RECEIVE FIVE PER CENT OF THE COST OF FEDERAL PROJECTS UNDERTAKEN BY THE STATE, FOR THEIR SERVICES IN SUPERVISING THE PROJECTS.

MR. MAHATHIR SAID THAT TIN-PRODUCING STATES WILL ALSO GET EXTRA REVENUE THIS YEAR.

THE FEDERAL GOVERNMENT HAD AGREED TO GIVE THEM 10 PER CENT OF THE EXPORT DUTY AND SURCHARGE ON TIN COMBINED, RESULTING IN AN INCREASED REVENUE TOTALLING \$14 MILLION, HE ADDED.

THE TIN-PRODUCING STATES WHICH HAD BEEN GETTING 10 PER CENT OF EXPORT DUTY ON TIN, HAD BEEN ASKING FOR 20 PER CENT.

DR. MAHATHIR SAID THAT \$10 MILLION WAS ALLOCATED FOR THIS YEAR TO IMPLEMENT RELIGIOUS PROJECTS IN THE STATES.

THE MONEY WILL BE ADMINISTERED BY THE PRIME MINISTER'S DEPARTMENT AND PRIORITY WOULD BE GIVEN TO THOSE PROJECTS WHICH HAD BEEN PROMISED BY THE LATE TUN ABDUL RAZAK. — BERNAMA MORE

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DR. MAHATHIR SAID THE FEDERAL GOVERNMENT HAD ALSO AGREED TO BEAR TWO-THIRDS OF THE COST OF ALL RURAL ELECTRIFICATION SCHEMES WITH THE NATIONAL ELECTRICITY BOARD PAYING THE LAST THIRD.

PREVIOUSLY, THE FEDERAL GOVERNMENT, THE NEB AND THE STATE GOVERNMENTS, EACH HAD TO BEAR ONE-THIRD OF THE COSTS.

DR. MAHATHIR ALSO SAID THAT THE EXERCISE BY THE MINISTRY OF EDUCATION TO TAKE OVER ALL RELIGIOUS TEACHERS IN PRIMARY SCHOOLS HAD BEEN COMPLETED.

THEY WILL BE CONSIDERED AS CIVIL SERVANTS.

HE ADDED THAT THERE WERE STILL SOME ADMINISTRATIVE PROBLEMS TO BE SORTED OUT BEFORE THE FEDERAL GOVERNMENT TOOK OVER ALL FIRE SERVICES FROM THE LOCAL AUTHORITIES. — BERNAMA MORE 1442/AB

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DR. MAHATHIR SAID THE GOVERNMENT HAD AGREED TO PROVIDE GRANTS AT LATEST RATES FOR THE CONSTRUCTION OF ROADS IN LOW-COST HOUSING ESTATES.

ASSISTANCE WOULD ALSO BE GIVEN TO LOCAL AUTHORITIES TO HELP THEM CARRY OUT THEIR RE-STRUCTURE.

THE GOVERNMENT HAD ALSO AGREED TO PROVIDE REVOLVING CAPITAL TO FINANCE LOW-COST HOUSING PROJECTS, HE SAID. —