

CNS0365

R GE 23-01 00191 EA974

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Mahathir-salaries

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KUALA LUMPUR, Jan 23⁹¹ (Bernama) -- Prime Minister Datuk Seri Dr Mahathir Mohamad today announced a five per cent interim increase in salaries for government servants with effect from Jan 1 this year.

He also said that the increase would be followed by a review of the salary structure of government servants, expected to be completed before year's end.

The five per cent increase would be based on existing salaries prior to the review, he told a news conference at the Prime Minister's Department, here.

After the review, the salaries would be topped up with any additional increase, he said. For example, if the review shows that an individual should receive a seven per cent increase, then the additional two per cent would be added to his salary.

Datuk Seri Dr Mahathir said that for those who already enjoyed a salary increase following a review of their salary structures, such as the teaching and technical services, a salary increase would be given if the increase they had received was less than five per cent. -- more

♥23/01/17-22MST

CNS0367

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Datuk Seri Dr Mahathir said the increased salaries would be paid from next month if it is too late to make the payment this month.

He also said that the salary increase would cost the government an additional \$409 million a year.

The Prime Minister warned traders not to take advantage of the salary increase to raise the prices of their goods.

He said the government derived the funds for the salary increase following the nation's economic recovery. They money had nothing to do with increase in any kind of taxes.

Datuk Seri Dr Mahathir said traders could not use the excuse of higher taxes or costs to raise prices because the government had reduced taxes in the 1991 Budget. -- more

♥23/01/17-23MST

CNS0410

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+The government has not raised any taxes to obtain the necessary funds to pay the salaries of government servants. I emphasise this because normally traders use the excuse of higher taxes and costs to raise their prices whenever government servants are given a salary increase,+ he said.

+It will be meaningless if the government gave a salary increase and the prices of goods also go up,+ he said, adding that this would only disappoint the government servants and the government.

The government itself always strived to curb price increases, as it did by subsidising petroleum prices, he said.

Datuk Seri Dr Mahathir said the interim increase in salaries was to expedite the +gift+ to government servants because the review of salaries would take time.

He added that the offer of the interim increase in salaries had been brought to the attention of and agreed to by Cuepacs. -- more

♥23/01/17-45MST

CNS0444

U GE 23-01 00151 EA981

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Although Cuepacs accepted the offer, it had suggested that certain groups particularly the low-income earners be given a seven per cent increase and that it be in round figures, he said.

+For example, if the sum involved several sen or several ringgit, it should be made a round figure, such as \$21.70 or \$23 becoming \$25,+ he said.

He also said Cuepacs had recommended that the increase be effective from Jan 1, 1989.

However, he said, the government did not agree with the seven per cent increase because it would have an impact on the review, and the review itself might provide for a seven per cent increase.

He said the government would consider the suggestion to round up the figures but could not accept the recommendation to backdate implementation to 1989. -- more

♥23/01/18-02MST

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Datuk Seri Dr Mahathir also announced that the Cabinet had decided that the salary review be undertaken by a special Cabinet committee chaired by him.

On the increased expenditure to meet pension payments following the salary increase, he said the government had reserved \$500 million a year for the Pensions Fund which was set up two years ago.

He said the fund was created to reduce dependence on the Consolidated Fund from which money was withdrawn to pay pensions. The fund was made up of contributions from the government and not from government servants.

Also present at the news conference were Minister in the Prime Minister's Department Datuk Abang Abu Bakar Mustapha, Chief Secretary to the Government Tan Sri Ahmad Sarji Abdul Hamid and Public Services Department Director-General Datuk Mahmud Taib. -- Bernama

♥23/01/18-02MST