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880,000 GOVERNMENT EMPLOYEES TO GET 8 PER CENT SALARY INCREASE

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KUALA LUMPUR, Oct 12, (Bernama) -- Datuk Seri Dr Mahathir Mohamad today announced an eight per cent salary increase for the 880,000 government employees in the country, effective Jan 1, 1989.

The increase will be calculated based on the basic salary of an employee and it includes the five per cent interim salary increase paid out since Jan 1, this year.

The Prime Minister, who announced the salary increase at a meeting with public sector union leaders at his office here, said that the increase was for a period from Jan 1, 1989 to Dec 31, this year.

After Jan 1, next year, the government would implement a new salary payment system for the public sector, to be referred to as the new remuneration system, which was decided by the Special Cabinet Committee on Public Sector Salary, he told a press conference after the committee meeting here.

Under the new system, which will place emphasis on factors like flexibility, productivity and the nation's economic growth, a bonus will be offered to government employees besides a salary increase of between eight and 10 per cent according to their service category.

The committee, chaired by Datuk Seri Dr Mahathir, comprises Deputy Prime Minister Encik Ghafar Baba, Finance Minister Datuk Seri Anwar Ibrahim, Human Resources Minister Datuk Lim Ah Lek and Minister in the Prime Minister's Department Datuk Abang Abu Bakar Mustapha. -- more

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The Prime Minister said that the payment of arrears for the three-year period would cost the government \$1,780.12 million while extra cost for the first year of the implementation of the new salary system was estimated at \$1,120 million.

He said that this was the largest payment made by the government in a salary revision for government employees.

To reduce inflation following the payment of arrears, Datuk Seri Dr Mahathir said that arrears would be made out by several suitable means including Employees Provident Fund (EPF) contributions, bonds, Bank Simpanan Nasional saving premiums and also direct payment to be made in stages.

Datuk Seri Anwar, who was present at the press conference, said that his ministry was preparing the details on the payment of arrears.

However, he said that government employees earning less than \$1,000 per month were expected to receive direct payment.

At the press conference, Datuk Seri Dr Mahathir also called on traders not to increase the prices of goods following the salary increase to curb inflation. -- more

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He said that Cuepacs and National Joint Council (NJC) leaders who attended the meeting had agreed in principle to the eight per cent salary increase and the government's decision to implement the new salary system.

He added that the Public Services Department (PSD) and the Treasury would hold a meeting with workers' representatives to brief them on the new structure.

Cuepacs Secretary-General Encik A.H. Ponniah, who is also secretary of the Coordinating Council of the NJC, said that the union leaders were satisfied with the government's decision.

However, he said that the congress need to discuss the matter further before stating its stand.

The two-hour meeting with the Prime Minister was also attended by Chief Secretary to the Government Tan Sri Ahmad Sarji Abdul Hamid and PSD officials. -- Bernama

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