

EPF CUT STAYS

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Dr M: Govt will study union suggestions to review rate

By ZULKIFLI ABD RAHMAN

KUALA LUMPUR: The Government's move to reduce employee contribution to the Employment Provident Fund (EPF) by 2% is compulsory, Prime Minister Datuk Seri Dr Mahathir Mohamad said.

The Government would, however, study suggestions from the trade unions to review the EPF reduction in the employee contribution.

"It (the 2% cut) will be difficult to do voluntarily, although we will study the suggestions to review it," Dr Mahathir said after launching the MSC-Lucent/ Bell Labs technology forum titled *Technologies Powering the K-economy*.

The Prime Minister said the Government could not afford, however, to increase the salaries of civil servants, as suggested by MTUC, to offset the reduction in their EPF contributions.

On Wednesday, MTUC secretary-general G. Rajasekaran urged

the Government to reconsider the proposal to reduce employee contribution to the EPF, saying employee salaries should be increased instead.

EPF public relations acting manager Ahmad Fauzi Kamarudin said the 2% reduction in employee contribution would be effective April 1.

He said the new rate of 9%, from the existing 11% rate, would be in force for a year until March 2002.

"The EPF contributions for the April wage, payable not later than May 21, will be based on the new rate of 9%," he said.

Ahmad said the new rate would result in a reduction in contributions to EPF of about RM1.5bil for the one-year period.

The revised schedule on monthly contributions would be distributed to employers soon, he said, and it would be up on the EPF website at www.kwsp.gov.my/kwsp by Sunday.