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Mahathir-EPF

TWO PER CENT EPF DEDUCTION COMPULSORY- DR MAHATHIR

KUALA LUMPUR, March 29 (Bernama) --The two per cent deduction in workers' contributions to the Employees Provident Fund (EPF) is compulsory for the present although the government is ready to study it further, the Prime Minister said today.

"It is compulsory, it will be difficult to do it voluntarily," Datuk Seri Dr Mahathir Mohamad told reporters when asked whether the deduction was compulsory for all workers.

Earlier Dr Mahathir opened the MSC-Lucent Bell Laboratory Technology Forum 2001 here.

Two days ago, Dr Mahathir announced the two-per cent deduction in contribution from 11 per cent to nine per cent as part of the eight pre-emptive measures to counter the fallout on the Malaysian economy from the United States economic slowdown.

The Malaysian Employers Federation (MEF) and the Malaysian Trades Union Congress (MTUC) felt that the workers should be allowed to be given the option whether to opt for or out of the reduction.

MTUC secretary-general G.Rajasekaran was quoted as saying yesterday that the MTUC was advising its 230 affiliates to encourage their members to maintain their contribution at the existing level of 11 per cent.

The temporary reduction is for one year effective April 1.

Rajasegaran also said the MTUC wanted the government to reconsider the move to reduce the contribution by two per cent.

Asked whether the government would review the move, Dr Mahathir said, "If they do not want, we can review. But while they do not want the reduction, they are also asking the government to increase salaries as they say they do not have enough money to spend and so on."

"We are not in a position now to increase salaries," the Prime Minister said.

Dr Mahathir said the money collected by EPF was large with a monthly collection of RM1.6 billion.

"So the fund is growing. We need to invest it and there are not many places where you can invest it (fund) and get something out of it."

"So it is better perhaps to spend a little, not too much," he said.

Dr Mahathir also said Malaysia had a very high savings rate with about 40 per cent, compared to any other country.

-- BERNAMA

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