

# Civil service pay hike to aid economic growth

## Nor Mohamed: Enough funds to finance increase

**PUTRAJAYA:** The record salary hike for civil servants will contribute 0.5% to Malaysia's economic growth this year and at least another 0.5% in 2008, Second Finance Minister Tan Sri Nor Mohamed Yakcop said.

He also said the Government would not borrow to fund the salary hike as it had sufficient funds.

This was because the Federal Government's operating surplus for this year would surpass the forecast RM31.8bil which was more than sufficient to finance the pay hike, he said.

"The Government needs to provide the salary hike not only to reward hardworking civil servants but also to retain them," he told a

press briefing at his office.

The pay rise would cost the Government RM6.8bil annually while the 100% increase in the Cost of Living Allowance would cost RM1.2bil annually.

Nor Mohamed also said the Government was committed to bringing down the budget deficit to 3.4% this year as well as during the rest of the Ninth Malaysia Plan.

He disclosed that the Government may register revenue higher than the RM134.8bil projected for 2007 due to higher oil revenue and the expected better dividends from Petroliam Nasional Bhd and the major government-linked companies, all of which

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were expected to record higher earnings.

Asked if the salary hike would be followed by cuts in the interest charge on credit cards, he said: "It's something that the banks will have to look at. I have met the banks and we have had a long discussion (on it)."

Currently, credit cards charge an 18% interest per annum.

On Proton Holdings Bhd, he said the Government required a bit more time to find a technical partner for the national carmaker.

He also said there would be no bailout for Proton, and it would need some restructuring in terms of equity and partnership. — Bernama



Tan Sri Nor Mohamed Yakcop