

DR M: PENSION SCHEME STAYS

Govt to continue with scheme for now, says PM



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KYOTO

THE government will retain the civil servants' pension scheme until a new mechanism is devised to alleviate the burden on the nation's coffers, said Prime Minister Tun Dr Mahathir Mohamad.

Dr Mahathir said no decision had been reached on the matter and it had not been discussed

by the cabinet.

"We are also paying pensions to the wives and children (of deceased retired civil servants). This becomes a burden to the country," he said.

The government's pension bill, he said, was burdened by the previous administration's 25 per cent salary increment for civil servants, which he said was done without taking into account the government's financial strength.

"During (former prime minister Datuk Seri) Najib's (Razak) era, salaries went up as much as 25 per cent.

"When that happens, the pension bill rises, too.

"We will continue with the pension scheme, but we are looking for ways so that the government can afford to do so and civil servants don't lose out," he told the Malaysian media on the final day of his visit to Japan.

Recently, Public Service Department director-general Datuk Seri Borhan Dolah said that from next year, new appointments in the public service might

no longer be made under the permanent and pensionable scheme, and would be replaced with an improved contract scheme.

He said the move was decided at a special public service reform committee meeting in October last year, which aimed to see the 1.7 million-strong civil service trimmed in phases, and reduce the burden of pensions, which stood at RM28 billion annually.

Dr Mahathir expressed hope that the second issuance of Samurai bonds would materialise this year, given the exceptionally low interest rate.

The Japanese government, he said, had approved an interest rate of 0.5 per cent, lower than the 0.63 per cent for the previous issue in March.

Dr Mahathir took aim at critics who cautioned against the move.

"I wish to pursue this, but we need to listen to the advice of experts.

"Some experts say it's dangerous following the appreciation of the yen.

"I've never agreed with the experts. I'm not an economist and my views don't matter. (But) strangely enough, we managed to develop the country during my time as prime minister," he said at the Four Seasons Hotel.

He said negotiations were ongoing with the Japanese government over the Samurai bonds' second issuance.

No other banks, he said, could offer a similarly low interest rate. On the size of the bonds, he said they would likely be higher than the previous 200 billion yen (RM7.34 billion).

Last month, Dr Mahathir announced that the government was considering another issue of Samurai bonds.

In February, Putrajaya reintroduced yen-denominated government bonds to end over three decades of Samurai bond absence.

For the initial Samurai bond issuance, Mizuho Bank Ltd, HSBC Bank Malaysia Bhd and Daiwa Capital Markets Ltd collaborated with Affin Hwang Investment Bank Bhd as joint lead arrangers

and bookrunners.

On another subject, Dr Mahathir said Indian Prime Minister Narendra Modi did not make any request for the extradition of preacher Dr Zakir Naik when they met in Vladivostok, Russia, recently.

Modi, he said, only mentioned Zakir once, but did not elaborate on the problems faced by India.

"There was nothing. Modi just mentioned his name, but did not request anything from me.

"He didn't even talk about the problems faced by India and what he wants from Malaysia."

He said Modi only raised the issue of Kashmir.

Indian newspapers had reported that Modi raised the issue during his hour-long meeting with Dr Mahathir ahead of the Eastern Economic Summit.

Zakir, a Mumbai native who has permanent resident status in Malaysia, is under investigation for allegedly inflammatory speeches.

He is banned from delivering speeches nationwide.