

Radical changes in civil service scheme

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KUALA LUMPUR, Sat. — A new salary system for the civil service incorporating wage increases of between eight and 10 per cent, new benefits and incentives and better prospects for talented but unqualified employees was announced by the Prime Minister today.

The new system, benefiting about 880,000 employees, is called the *Sistem Saraaan Baru* and will become effective on Jan 1, 1992. The salary revision includes the five per cent announced and implemented earlier this year.

The salary revision is backdated to Jan 1, 1989, giving eligible employees an arrears of 36 months.

Datuk Seri Dr Mahathir Mohamad said the system, among others, was to help motivate Government employees by giving due recognition to their skills, talents, efficiency and productivity.

In its first year of implementation, the new salaries will carry a wage bill of about \$1,120 million while payment of arrears would amount to about \$1,780 million.

Arrears payment of up to \$1,000 will be made to low-income employees over a staggered period commencing in June. Arrears payment in excess of \$1,000 will be made through the Em-

ployees Provident Fund and other Government-sponsored agencies, such as Bank Simpanan Nasional.

The new benefits include extended overtime payment to Category B employees, medical benefits for legal parents, bonus payments tied to the Government's financial position, unrecorded leave to husbands to look after their wives after delivery and funeral expenses for staff who die in service.

Dr Mahathir announced the new salary system and the overhaul of the civil service scheme of services at a special meeting he chaired with key officials of the National Joint Council (Staff Side) in his office.

Also present were Finance Minister Datuk Seri Anwar Ibrahim, Human Resources Minister Datuk Lim Ah Lek, Minister in the Prime Minister's Department Datuk Abang Abu Bakar Mustapha, Chief Secretary to the Government Tan Sri Ahmad Sarji Abdulhamid, Public Services Department Director-General Tan Sri Mahmud Taib and other senior officials.

Speaking at a Press conference after the closed door meeting, the Prime Minister said the radical overhaul was made on the basic principles of the Government's ability to pay, which hinges directly on its financial position and economic pros-

pects as well as its projected earnings.

He said the Government had to take into account other pertinent factors when deciding on the new system. These included the nation's debt servicing responsibility and capital expenses on the nation's and industries' infrastructural needs.

The Government had also taken into consideration the likely impact the new wages would have on the economy, in particular the commercial sector. In this regard, Dr Mahathir warned the business sector, especially retailers, not to take this opportunity to raise prices unnecessarily.

The new salary system, however, will not cover employees of Bank Simpanan Nasional, the EPF, the Pilgrimage Management and Fund Board (Tabung Haji), the Social Security Organisation (Socso) and the Armed Forces Superannuation Fund (LTAT).

These agencies undertake commercial functions and have investments of their own. Their exclusion is to enable employees within the organisations to be more accountable, efficient and responsive to their clients and changing policies.

These five agencies will have their own salary system and schemes of service.