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Optional retirement review (HL)

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KUANTAN, Sat. - The Government is reviewing the restriction on optional retirement, imposed on civil servants in December, because of the increase in the number of applicants.

Deputy Minister in the Prime Minister's Department Datuk Fauzi Abdul Rahman said today an announcement on the matter would be made soon either by Prime Minister Datuk Seri Dr Mahathir Mohamad or Chief Secretary to the Government Tan Sri Abdul Halim Ali.

He said it was difficult for the Government to prevent civil servants from applying as they had the right to optional retirement.

However, if civil servants were allowed to go on optional retirement, the Government would ensure that this did not affect the country's financial position, he said.

The Cabinet had on Dec 10 decided that the Public Service Department should be strict when considering such applications.

It is understood that the main reason for this decision was the immediate payment of gratuity which would be burdensome under the current economic situation.

Civil servants can exercise optional retirement at the age of 40, upon which they receive a gratuity. Their monthly pension only commences when they turn 45 for female retirees and 50 for male retirees.

The Government spends more than RM300 million in gratuity payments annually and about RM2 billion in pensions.

There are currently more than 300,000 retired civil servants and 897,000 in service.

The Government receives 2,000 to 3,000 applications for optional retirement annually. Each civil servant receives between RM20,000 and RM100,000 in gratuity depending on their length of service and categories of service.

"The PSD has received numerous applications from civil servants for optional retirement due to health reasons or because they want to set up a business," Fauzi said.

"The Government is sympathetic to these people as they have the right to apply.

"Because of this, the Government has decided to review the restriction on optional retirement and new measures will be announced soon."

Fauzi was speaking to reporters after opening a hydroponics course for participants in a Development Programme for the Hardcore Poor at Tadika Telok Baru, Tanjung Lumpur.

He said the Government would examine in detail every application for optional retirement.

He also said the Government might extend the staggered working hours, currently implemented in the Klang Valley, to all government departments nationwide.

This will only be done if the system receives positive feedback from people in the Klang Valley.

The staggered working hours, introduced last January, was to enable the public to have more time to deal with five government departments - the PSD, Road Transport Department, Immigration, Customs and National Registration Department.

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