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Retirement plan at 60 (HL)

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KUALA LUMPUR, Fri. - The retirement age for civil servants will eventually be raised to 60 years, Prime Minister Datuk Seri Dr Mahathir Mohamad said today.

He said the Public Service Department was studying the matter but it would take some time before the 60-year ruling could come into force.

Dr Mahathir said with the higher life expectancy among the Malaysian workforce, the extension was inevitable.

"I know one person who is 76 years old and still working," he said, drawing loud applause from about 3,000 Tenaga Nasional Berhad employees who had gathered to welcome him for a visit at the Kilat Club.

The average life span of Malaysians is now 72 for men and 75 for women.

Dr Mahathir was asked to elaborate on the Government's recent announcement that the retirement age will be increased by one year to 56 years during a dialogue with TNB employees. The announcement was made in March.

The new retirement age will be on an indefinite trial basis to ascertain whether an extended retirement would disrupt administration.

At present, only those under the Superscale Group such as directors-general and secretaries-general and specialist teachers were allowed to serve beyond 55 years.

Others given this benefit are judges who only retire at the age of 65.

Dr Mahathir said the Government realised that it was a waste to retire civil servants at 55 years when they were still productive.

However, he said the Government could not change the retirement age suddenly as this involved legal as well as financial implications.

"PSD says any sudden change will bring a cost that is unbearable for the Government.

"In fact, the Treasury has to be very careful about this thing. We may delay their retirement only to find we cannot pay them," he said.

The PSD had in 1999 proposed that the retirement age for civil servants be increased to 58 years.

The department was prompted to recommend a higher retirement age as many other countries in the region and those previously under British rule had many years ago extended the retirement age for their civil servants.

Cuepacs, the umbrella organisation for unions in the civil service, has also been seeking a review of the retirement age for many years now.

Citing examples, the congress said civil servants in the Scandinavian countries retired at the age of 67, United States (62), India (58), Thailand (60) and Singapore (62).

Elaborating on the Government's decision to increase the retirement age by one year, Dr Mahathir said he was shocked when told by the PSD that civil servants had to go on compulsory retirement the day they were 55 years old.

"All this while, I was under the impression that civil servants retired when they completed 12 more months after they turned 55 years.

"This was when I told the PSD that this should be reviewed as it was unfair.

"But they said as this was the statutory requirement, necessary amendments had to be made to the relevant laws," he said.

Dr Mahathir said the Government was in a position to immediately increase the retirement age for one year as it would not be much of a

financial burden.

"The Government is already looking into this. We will make the necessary changes fast so that the new retirement age could be implemented as soon as possible," he said.

On another note, Dr Mahathir said the Government's decision to reduce workers' portion of contributions to the Employees' Provident Fund was one of the measures to stimulate the economy and not to victimise them.

"We decided to reduce the contributions for a maximum of one year only.

"If the economy recovers sooner, we will shorten this period too," he said.

Earlier, Dr Mahathir simultaneously launched Universiti Tenaga Nasional's Bandar Muadzam Shah campus, Unit 5 of the Sultan Salahuddin Abdul Aziz power station in Kapar, Selangor, Tenaga Nasional's housing scheme for its employees in Pasir Gudang, Johor and Kedai Tenaga PROSPER in Kepong via video-conferencing.