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Retirement age stays at 56 (HL)

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SHAH ALAM, Tues. - The Government has turned down a request from Cuepacs and the Malaysian Trades Union Congress to raise the retirement age of civil servants from 56 to 58 years.

Datuk Seri Dr Mahathir Mohamad said the Government would not consider the request due to a lack of funds and problems related to recruitment.

The Prime Minister said the Government could not afford to spend more on salaries without taking revenue into account.

He told a Press conference after launching the joint conference of the World Fellowship of Buddhists and World Fellowship of Buddhist Youths that later retirement would prevent the civil service from recruiting new staff and affect the promotion prospects of junior staff.

"It is easy to say that we should increase the retirement age. But we have to work within our means. We can spend more on the salaries of civil servants, but then the Government will go bankrupt."

Asked if the Government would consider such proposals in future, he said:

"We have already considered them and last year we increased the previous retirement age by a year from 55 to 56. The proposal is rejected."

Dr Mahathir was commenting on a report today quoting Cuepacs secretary-general Abdul Rahman Manan as saying that the organisation was joining forces with the MTUC to ask for a new retirement age for civil servants.

Rahman was reported as saying that the organisation would be submitting a joint memorandum to the Government on the proposal.

Explaining the rationale for rejecting the proposal, Dr Mahathir said a later retirement age would also limit jobs for graduates seeking employment in the civil service.

"If the people who are supposed to retire don't leave, there will be no space for new workers."

He said retiring civil servants who were capable could still find employment in the private sector.

In an immediate reaction, Cuepacs president Datuk N. Siva Subramanian said the organisation considered the issue "closed for the time being until the economy improves".

Siva Subramanian said Dr Mahathir had explained to Cuepacs last month that it was not feasible for the Government "under the present situation" to raise the retirement age.

"The Prime Minister has explained to us that there will be financial and economic implications for the Government and for new graduates and the unemployed. We accept this," he said.

"There will be no more discussion on this for now. If the country can't afford it, then there is no point pursuing it.

"But if the economy improves, then we will take up this issue again."

Siva Subramanian said the Government could retain good officials on contract after retirement.

In May last year, Dr Mahathir said the Government might gradually raise the retirement age to 60.

This age limit has been implemented in the United Kingdom, Japan and Singapore, while several European countries have an even higher retirement age.

The decision to raise the retirement age to 56 took effect on Oct 1 last year. Cuepacs had been seeking a higher retirement age since 1999.

On action against tax defaulters, Dr Mahathir said better enforcement was needed instead of changing the tax collection system.

The New Straits Times today reported that the number of tax defaulters barred from leaving the country had more than tripled since last July, with the amount owed at almost RM1 billion.

"We have already taken measures such as withdrawing their passports when they default so they can't run away. We have to go after those who don't pay."

On the increase in the number of defaulters, he said strict measures sometimes failed to deter offenders. "(As for) drug smugglers, we have the death sentence but even then some people still continue to smuggle drugs."