

of the Private Sector of our economy to go ahead with confidence and trust so that our industries will expand, so that world traders will have faith in us. and so that we will be regarded not only in Malaya, but throughout the world as a country with a political and economic structure that can be trusted and in which private enterprise is a worthwhile undertaking with the minimum of risk and the maximum results.

Every speech in this House, and outside it. is either a contribution to our political stability, or it is a detraction from such stability.

I leave it. Mr Speaker, to the Members of this House to decide whether they wish to contribute or detract from our national prosperity.

TRIBUNAL AWARD NOT REJECTED IN TOTO **GOVERNMENT FAITH IN ARBITRATION** **REAFFIRMED**

The Government's confidence in the National Whitley Council machinery and its faith in the principle of arbitration as a means of settling differences between Government and its employees were reaffirmed by Tun Abdul Razak in opposing a motion moved by Dr Tan Chee Khoon at the Dewan Ra'ayat

on 1st March, 1965. Extracts of the Tun's speech follow.

MR SPEAKER. SIR.

I rise to oppose the motion of the Hon'ble the Member for Batu, Dr Tan Chee Khoon.

At the outset I would like to make it quite clear that it is not correct to say that the Government has rejected in toto the award made by the Government Services Arbitration Tribunal in respect of the claim by the Union of Post Office Workers. Hon'ble members of this House may have learnt from the numerous Press reports and releases which have been published on this claim by the Union of Post Office Workers that the Union's claim was for a separate and higher salary scale for the clerks in the Postal Department and a higher rate of allowance for those clerks who are in charge of Post Offices.

The Arbitration Tribunal which considered this claim made an award which may be divided into three parts, namely, (i) Salary

scale, (ii) In-charge Allowance and (iii) Operational Allowances. In respect of salary scale, the Tribunal awarded that the salary scale, which had been offered by Government to the clerks of the General Clerical Service and accepted by the Staff Side, should be applied to the clerks of the Postal Department. The Tribunal also awarded an increase in the salary of the Head Postmaster, Kuala Lumpur. Except for the award on the salary of the Head Postmaster, Kuala Lumpur, the Government accepted the award on the salary scales for the Postal Clerical Officers.

It is true that the Government is not able to implement the award of the Tribunal in respect of In-charge and Operational allowances. Under normal circumstances, the Government would abide by the award of an Arbitration Tribunal as it has done in the past. However, in this particular case, the Arbitration Tribunal has made an award which is in excess of what the Union itself has asked which, if accepted by Government, would have extremely serious consequences on the finances of the country- In these circumstances. Government is forced to the conclusion that the award of the Arbitration Tribunal as it stands cannot be implemented.

This House will no doubt note that the Tribunal agreed with the Government that there should be no distinct and separate salary scale for the Postal Clerical Service. In respect of the In-charge allowances payable to clerks who are in charge of post offices, the Tribunal extended the scope for the payment of this allowance to all classes of post offices whilst Government agreed to pay the allowances only to classes VII, VI and V. With regard to the Operational Allowance, the Tribunal also extended the scope for the payment of this allowance to include Assistant Superintendents in Division III of the Postal Service and at the same time awarded a variable rate instead of a fixed rate as offered by Government.

In effect the award made by the Tribunal gives an overall increase in the take-home pay of a postal clerk in the Operational or Traffic arm of the Postal Service by approximately 30 per cent more than his colleague in the administrative arm. The high increase proposed for this category of employees will inevitably create an imbalance within the Postal Service itself. Although the Union and the Staff Side of the National Whitley Council have given an undertaking that the officers in the administrative arm in the Postal Department will not claim for similar increases if the award of the Tribunal were to be accepted by Government.

it cannot be denied that an imbalance within the Postal Service itself is not a desirable feature.

If one section of clerical workers, whatever their specialised duties may be, are awarded overall emoluments that will make them very much better off than their colleagues in other comparable services, repercussions are bound to follow, as the structure of the Public Service is based on certain key scales and the maintenance of relativities between them. It has been estimated that by implementing the award of the Tribunal in toto, it will mean that this particular grade of employees will be given increases averaging approximately 27 per cent of their overall emoluments. Such a percentage increase in emoluments given to one grade of employees will obviously generate dissatisfaction and have widespread repercussions.

The cost of applying a similar percentage increase in pay to the other sectors of the Public Service will be intolerable. This is clear when it is noted that personal emoluments provided in the 1965 Federal Estimates total \$492 million. This does not include the emoluments payable to teachers under the Unified Teaching Service and to employees in the Industrial and Manual Group. A 27 per cent increase applied even to the \$492 million provision means an additional Federal Government commitment of \$133 million per annum. It is obvious that if the Government is to meet these enormous additional increases in personal emoluments, then drastic taxation measures will have to be imposed.

The House should note that the yield in 1965 which will be derived from all the tax changes in the recent Budget Session of Parliament is estimated at \$10 million. It is clear, therefore, that further taxation measures will have to be imposed if a similar percentage increase is given to the Public Service. I am sure this House will agree with me that the country is in no position to bear a further burden of increased taxation at this juncture.

I should like to assure the House that Government fully considered the serious implications of not implementing in toto the award of the Tribunal. The fact that Government has not been able to accept the award should not be implied that it has ignored its responsibilities to its employees, but should be taken as an indication of its high sense of duty and responsibility to the nation as a whole.

I would like once again to reaffirm the Government's confidence in the National Whitley Council machinery and its faith in the

principle of arbitration as a means of settling differences between Government and its employees. In accordance with this belief, the Government has agreed to accept the award in so far as the structure is concerned, but, for the reasons I have stated earlier, it cannot accept the quantum awarded by the Tribunal. However, Government is prepared to honour the award in so far as the structure is concerned.

After giving details of salary scale. In-charge allowance and Operational allowance Tun Razak said:

This latest offer of Government will cost in the region of S490.000.00 per annum.

The Hon'ble Member for Batu views with grave concern the non-acceptance of the award of the Tribunal by the Government and expresses a keen desire to preserve the good name of Malaysia and its people. The Government is not unmindful of its duties and its desires even more keenly to maintain the good name of Malaysia. It is for this very reason that the Government took the stand that it has taken on the award of the Tribunal. It wishes to ensure that the finances of the country are maintained in a good state. In the final analysis the national interest must be the overriding consideration in deciding whether Government can accept any recommendation or award for the revision of salary scales of the public services.

The Government has done everything possible to meet the claim of the Union of Post Office Workers. It has accepted the award of the Tribunal in respect of the salary scale and the principles of the award. It has offered a revised scale for the special or operational allowance and the incharge allowances as a step towards implementing in part the award of the Tribunal. It cannot, therefore, be said that Government has rejected in toto the award of the Tribunal. The motion standing in the name of the Hoifble Member for Batu must therefore be rejected.

The Prime Minister and myself and other Ministers have had meetings with the Staff Side explaining to them the serious repercussions through the implementation of this award not only on the industrial sector and the Postal Service but on the Public Service as a whole. I appealed to them in view of the State of Emergency and the difficult finances of the country, they should accept the latest Government offer.