

All Eyes on GLCs

As the GLC revamp intensifies, executive payouts in these companies are expected to rise in the future.

GLCs or government-linked companies have taken centre stage ever since Prime Minister Datuk Seri Abdullah Ahmad Badawi vowed to reform this group of companies.

In a review of salaries of GLC stopguns for 2003, *Malaysian Business* wrote that it was likely many directors would be paid higher in 2004 following the major revamp being instituted. As the Government had planned to recruit top personnel from the private sector to head the companies, salary hikes were an obvious expectation.

Indeed, the director salaries of a couple of GLCs rose in 2004. Top on the list is PNB-controlled Sime Darby Bhd, which paid its top executive about RM1 million more than in the previous year, putting him in the RM2.6 million-RM2.65 million band. Sime Darby has been helmed by Datuk Ahmad Zubir Murshid since the middle of last year.

The next biggest hike was in Commerce Asset-Holding Bhd, whose top executive

also revived a more than RM1 million raise, putting him in the RM2.15 million-RM2.2 million league. However, Malayan Banking Bhd gave its top director a very small increase despite it still being one of the largest listed financial institutions.

One of the more prominent new GLC leaders is Datuk Abdul Wahid Omar, who heads Telekom Malaysia Bhd, which is seen as the leading test case for the GLC revamp. However, Wahid's salary package is not revealed in Telekom's FY04 annual report.

Wahid joined Telekom in August last year. As Telekom's year-end is also August, his remuneration is not captured in our survey. In 2004, the telco paid RM763,584 to its then chief executive, Datuk Md Khir Abdul Rahman.

The situation is the same for Tenaga Nasional Bhd's Datuk Che Khalib Mohamad Noh, who came in when the utility company's books were being closed.

It should be noted that the entire GLC revamp is still in its initial stages. Although many changes have taken place since last

year, it is still premature to judge if this new breed of leaders has brought about the desired change in terms of performance and profitability.

It will be interesting to see how much Proton Holdings Bhd will shell out for the new chief executive it is looking for following the removal of Tengku Tan Sri Mahaleel Ariff recently. Of course, this will also depend on whether Proton is sold to a foreign party, an issue which is being hotly debated now. If foreigners take a majority stake, then Proton would cease to be a GLC.

Another interesting point to note about GLC salaries is that even highly profitable companies like Malaysia International Shipping Corporation Bhd, Petronas Dagangan Bhd and Petronas Gas Bhd did not make the cut for our 2004 list. In other words, these companies did not pay more than RM300,000 to their top directors.

It is likely that companies like these will see changes in their directors' remuneration in the years to come as the competition for talent becomes more severe. mb