

SPEECH BY THE DEPUTY PRIME MINISTER IN REPLY-
ING THE MOTION BY THE MEMBER OF BATU AT THE
DEWAN RAKYAT ON 1ST MARCH, 1965

Mr. Speaker, Sir, I would like, on behalf of the Government to reply to the motion put up by the Honourable Member for Batu¹. I must say, Sir that there has been a lot of misunderstanding over this whole issue of the claim by the Union of Post Office Workers.

At the outset, Sir I would like to make it quite clear that it is not correct to say that the Government has rejected or repudiated 'in toto' the award made by the Government Services Arbitration Tribunal in respect of the claim by the Union of Post Office Workers. Now, Honourable Members of this House may have learnt from the numerous Press report 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 the 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. Now, 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.

Sir, it is true that the Government is not able to implement the award of the Tribunal in respect of In-charge and Operational allowances. I would like to make it quite clear, as we have done to the Staff Side on more than one occasion, that the Government had always abided by and had always accepted the award of the Arbitration Tribunal. However, in this particular case, we know this is a serious matter: that is why before we made our decision on this — and it took us some time to make this decision because we considered this a very serious matter - we took the trouble to invite the whole of the Staff Side and explained to them in clear terms that, although we had always

¹ Dr. Tan Chee Koon .

abided by the decision of the Arbitration Tribunal, in this particular instance the Arbitration Tribunal has made an award which was in excess of what the Union itself had asked which, if accepted by the Government, would have extremely serious consequences on the finances of the country. We made this quite clear to the Staff Side. We appealed to them that in the circumstances they would appreciate that the Government was not in a position to implement the award in the national interest, We are now facing an emergency, a threat to our security, and our Government is short of money; hence the repercussion of accepting this award would be extremely serious. It is not true to say that the Government had not explained the whole position to the Staff Side. As I have said, there have been meetings with the Staff Side on a number of occasions. First, four Ministers - the Minister of Finance², the Minister of Works, Post and Telecommunications³, the Minister of Labour⁴ and myself had a meeting with the Staff Side. Then the Prime Minister⁵ himself had a meeting with the Staff Side. We appealed to them that in view of the position of the country at present they should consider in the interests of the country as a whole and would accept an award which, although was not completely in accordance with that made by the Arbitration Tribunal, had gone a long way to meet their claim on the increase of salary as well as allowances.

Sir, perhaps it is relevant for me to mention briefly so that the House will fully understand the background leading to the award of the Arbitration Tribunal. The claim of the Union was not only for an upward revision of salaries for the Postal Clerical Service, but also for a separate scale form that approves for the General Clerical Service. The Union also claimed for increases in the In-charge allowances and the extension of the scope for the payment of these allowances to particular grades in the Postal Service. The claim was submitted through the Staff Side of the National Whitley Council and was duly considered by Government. On 18th March, 1964, the Staff Side was informed that there was no case for a separate salary scale to be established but that consideration would be given to the possibility of introducing a special postal allowance to those postal clerks in the Traffic or Operational Branch of the service. On 22nd March, the Union withdrew its claim from the National Whitley Council and issued strike ballot papers to all its members. However, negotiations continued between officials of the Government and representatives of the Union, which ended in a deadlock. On 8th April, 1964, the Union issued a strike notice, such strike to take effect on 22nd April. The Union deferred its

²Tan Siew Sin.

³Dato' V.T. Sambanthan.

⁴Encik V. Manickavasagam.

⁵Y.T.M. Tunku Abdul Rahman Putra Al-Haj.

strike to 10th May and again to 16th May as negotiations with Government were continuing in the meantime. On 14th May, the Government made an offer as follows:

- (a) Salary scale according to the scale for clerks in the General Clerical Service which had been accepted by the Staff Side of the National Whitley Council;
- (b) The salary of Head Postmaster, Kuala Lumpur, at \$875 per month;
- (c) In-charge allowance as follows:
for Class VII Post Office \$20 p.m.
for Class VI Post Office \$25 p.m.
for Class V Post Office \$30 p.m.
- (d) A special allowance of \$20 per month to all Timescale and Special Grade Clerks in the Traffic or Operational Arm of the Postal Service.

Without stating officially whether or not this was acceptable, the Union went on strike with effect from midnight on 16th May, 1964. Then the Union called off the strike with effect from midnight on 19th May and the claim was then referred to the Government Services Arbitration Tribunal. The Tribunal made an award on 6th November, 1964, as follows:

- (i) Salary scale as for the General Clerical Service;
- (ii) The basic salary payable to the Head Postmaster, Kuala Lumpur, should be \$990 per month;
- (iii) Postmaster's In-Charge allowance should be payable to all postal clerical officers at the following rates:

Class of Post Office	In-Charge Allowance per month
VII	\$30.00
VI	\$37.50
V	\$45.00
IV	\$52.50
III	\$60.00
II	\$67.50
I	\$75.00

- (iv) Operational Allowance:

Range of Basic Monthly Salary	Operational Allowance per month
Division III	
\$140-156	\$30.00
\$230-260	\$50.00
\$300-420	\$70.00
\$445-535	\$990.00
Special Grade, \$560-620	\$120.00
Assistant Superintendent	\$130.00

Therefore, this House will no doubt note that the Tribunal agreed with the Government that there should be no distinction or there should be no 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 Services and at the same time awarded a variable rate instead of a fixed rate as offered by the 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. This is quite clear, Sir, because if one arm of the Service gets an increase of 30 per cent in the take home pay after all, what counts to these people is the take home pay then quite obviously this will have a repercussion on the other arm of the Service and it would create an imbalance in the Service itself. Now, 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 will take place and this is not a desirable feature in any Service. 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. Because of all this, the Government has estimated that if the Government were to implement 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 wide spread repercussions. The cost of applying a similar percentage increase in pay to the other sectors of the Public Service will, as has been explained by Government, 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, and the Government considers that the country cannot bear further taxation up to this amount. The House Sir, should note that the yield in 1965 which will be derived from all the tax changes in the recent Budget is estimated at \$110 million and the House is fully aware of the criticism levelled at the Government on these tax changes and if we were to impose further taxes to raise another \$133 million. I do not know what will happen to the country. Now, Sir, as I have already explained clearly to the Staff Side, the Government at present is in no position to bear this additional increase of roughly \$133 million. These figures are not the figures as have been put up have been worked out, although not accurately, fairly accurately, because, as I have said, the salary structure of the whole of public service has been worked out in relative grades and if one grade were to be increased at such enormous rate of 27% or 30%, then there will be obvious repercussions in the other grades of the public service.

I should like, Sir, to assure the House that the Government has considered the implications of not implementing in toto the award of the tribunal. However, the fact that the Government has not been able to implement the award, should not be implied that the Government has ignored its responsibilities to its employees but should, in my view, be taken as an indication, as an evidence of its high sense of duty and responsibility to the nation as a whole. I would like, Sir, here, as we have done to the Staff Side of the Whitley Council, to reaffirm once again 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 reasons I have stated, it cannot accept the quantum awarded by the Tribunal. However, the Government is prepared to honour the award in so far as structures is concerned, and an offer was accordingly made to the Union on 16th February, 1965, as follows:

Salary Scales:-

Division III:—

Probationers	\$140 with increment at \$8 per year up to \$156
Timescale	... \$230 with increment at \$15 per year up to \$535 with two Bars in between
Special Grade	... \$560 with increment at \$20 per year up to \$620
Assistant	.. \$650 with increment at \$20 per year up to
Superintendent	\$690

Division II:—

Superintendent . . . \$720 with increment at \$25 per year up to \$770

Chief Superintendent . . . \$820

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Head Postmaster, Kuala Lumpur . . . \$875

In-charge Allowance:—

Class VII . . . \$20 per month

Class VI . . . \$25 per month

Class V . . . \$30 per month

Class IV . . . \$35 per month

Class III . . . \$40 per month

Class II . . . \$45 per month

Class I . . . \$50 per month

Head Post-

master . . . \$55 per month

Operational Allowances:—

(For those in the operational

arm of the Department only). . . . \$30 per month

The Government considers that the latest offer is fair and reasonable under the circumstances. After all, the in-charge allowance, ranging between \$20 to \$55 per month, and operational allowance of \$30 per month are considered by Government as fair and reasonable rates; and we have appealed to the Staff Side to accept these as a mark of their loyalty to the country and appreciation that the Government is at present facing an Emergency and Financial difficulty.

The Government, as we have always stated, is always desirous to preserve the good name of Malaysia and its people. The Government is not unmindful of its duties, and it desires even more keenly than the Members of the Opposition to maintain the good name of the Malaysia. It is for this very reason that the Government took the step it has taken on the award of the Tribunal. The Government wishes to ensure that the finances of the country are maintained at a good state. In the final analysis, as I have said, the national interest of the country must be the overriding consideration in deciding whether the Government can or cannot implement any recommendation or award made for the increase in the salary scales of the public services.

Now, the Government has done everything possible to try and meet the claim of the Union of Postal Workers. It has gone a long way to meet their claims. As I have explained, the Government cannot afford

to implement the award by the Tribunal, because the award has gone beyond even what the Union had claimed. The circumstances in this particular case are indeed peculiar, Sir, and I do not know in what spirit the award was made, but certainly it is very unusual, and it has never happened, that the Arbitration Tribunal made an award higher than what the Union itself has claimed. The circumstances are completely without precedent, and the Tribunal alone knows under what spirit it decided to give this award.

I have, therefore, Sir, explained at length the position of the Government on this claim by Postal Workers Union. Perhaps, the business houses, in contrast with the Government, can afford to give increased pay for their employees because their concern is merely the prosperity of their business. But the Government has many things to consider, and particularly in the present juncture when we are facing the Emergency, the Government has need for every dollar and cent that it has for the defence of the country. Therefore, in the circumstances that the Government faces at the moment, the Government hopes that the Government employees will see the whole position in the light that the Government see it today, because we have got to fight the enemy and save the country. Under the circumstances, it is not possible for the Government — I say it again — to accept in toto the award by the Tribunal, and this award, if implemented, will have serious repercussions not only in the administrative sector of the postal service but also in the public service as a whole. Therefore, I appeal to the Staff Side as well as to the employees of the postal service that in the interest of the country, which is now facing the Emergency, they should accept the latest award made by the Government. I say once again that the Government is prepared to stand on its past record in the way that it has looked after the interest and the welfare of its employees. The Government is prepared to do anything possible within the limits of its finances and bearing in mind the overall interest of the country at the present juncture.

Sir, the Honourable Member for Batu also in his motion made allegation to Government on the question of the appointment of the Special Commission on Salaries. Well, the Government, Sir, is very anxious to appoint this Commission and to have this Commission commence its work as soon as possible, but the delay has been due to the fact that it has not been possible to obtain a suitable Chairman from overseas for some time, and also its members. The Government realises that a general review of salaries in the Public service has not taken place since 1950 and the Government thought it would be a good idea to appoint a Special Commission. The Government would like to get the benefit of experience of persons from overseas who have had

experience in the same work, but it has taken a long time to obtain a suitable person as Chairman and also as members. Now, in view of the time taken and the delay, the Government has decided now to appoint a Judge, a local Judge, of the High Court, as Chairman - and we are pleased to say that this particular Judge has agreed to accept the appointment and he will take office on 14th of March, in a few days time, and it is hoped that the other members will be appointed shortly, and the Commission will start work before the end of April.

I would like to say, Sir, that there would not be much delay in carrying out the work of this Commission. Before the Commission could start its work the Commission has to study the representations made by the Staff Side, and at the request of the Staff unions the dosing date for representation for the States of Malaya and Singapore has been extended to the 31st March. So, even if the Commission were to start work today, there will be no work for the Commission to do until the representations had been submitted to the Commission.

There is, Sir, allegation made by the Honourable Member for Batu and, I think, by the Honourable Member for Bangsar that the term of reference of this Commission is not in accordance with the view of the Staff Side. Well, Sir, as I have said, the Government is sincerely desirous of having a proper review of the salary scales of the JAiblic Service throughout the country. Quite obviously, in whatever recommendations made by the Commission, the Commission will have to take into consideration the finances of the country and the economic position of the country. But, as I say, the Government intends to be fair and just to its employees and within its financial capability the Government will implement whatever recommendations that Commission may consider fair and just. So, in the term of reference for a Commission like this, obviously it will have to be comprehensive so that there will be no argument later on. That is why the Commission has to take into consideration the views of the Staff Side, the views of the Government, the financial position of the country and the economic position of the country. If recommendations were made which will be beyond capacity of the country to meet, the recommendations could not be implemented. That is why it is necessary that the term of reference of the Salaries Commission should be comprehensive so that the Salaries Commission, which consists some people from overseas, should know exactly what its task is. As I have said, there should not be any argument later on. This Arbitration Tribunal is an obvious example, where you have a tribunal which did not bear in mind the finances of the country, you have a recommendation made which goes even beyond what the Union itself claimed. So, in a situation like that, obviously the Government — I think this House will agree — will be in some difficulty.

Sir, in view of the explanation that I have made, both on the first part of the motion and the second part of the motion, I would ask the House to reject this motion.