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Affordable relief is key

Civil servants laud the minimum 13% pay hike for public sector staff which they say will help meet the high cost of living and improve service delivery. Economists say it is a right move but the funding should not come from borrowings to avoid economic issues later. > See reports on page 2 by MARTIN CARVALHO, BENJAMIN LEE and ELISHA MARY EASTER



A silver lining: Government and private sector employees attending the national-level Labour Day celebration at the Putrajaya International Convention Centre, where Prime Minister Datuk Seri Anwar Ibrahim announced a salary increase for civil servants. — AZHAR MAHFOF/The Star

Reports by MARTIN CARVALHO, BENJAMIN LEE and ELISHA MARY EASTER

Highest pay hike to date

Revised salary scheme to have bigger impact than last one

PUTRAJAYA: Some 1.6 million civil servants will get a pay rise of above 13% when the revamped Public Service Remuneration System (SSPA) is implemented next year, says Datuk Seri Anwar Ibrahim.

The Prime Minister said the increase in salary for civil servants will be the highest to date, costing about RM10bil annually.

"Although our debt may be big with the existing deficit, we must seriously consider the welfare of our workers," he said when launching the national-level Labour Day celebrations here yesterday.

He said the increase in salary would be higher than the previous 13% hike in the last salary review 12 years ago.

He also said the SSPA will be the most comprehensive and largest remuneration scheme in terms of financial implications for the government.

Anwar, who is also the Finance Minister, said civil servants will take home a minimum overall monthly income of RM2,000 under the revamped SSPA.

"Currently, the minimum overall income of civil servants is RM1,765.

"A new criterion and measurement will be introduced where the minimum overall income, including allowance, will be RM2,000.

"We will implement the wage increase from December this year as I have promised," Anwar said to cheers from civil servants attending the celebrations held at the Putrajaya International Convention Centre.



Model worker: Anwar congratulating National Workers' Icon Award (OKU) recipient Prof Dr Zaidi Embong at the Putrajaya International Convention Centre. With them are Cabinet ministers and senior civil servants. — AZHAR MAHFOF/The Star

However, he said underperforming civil servants will not be rewarded or promoted under the SSPA.

"They will be monitored to see if they are lazy or coming in late for work often.

"If their record is unsatisfactory, they will not be rewarded," he said.

Although his announcement was meant for those working in the public service, Anwar said the private sector should also take heed of his message of safeguarding the welfare of workers.

"The private sector has reaped healthy profits, whether they are banks or companies that have benefited from government incentives.

"They should translate what I have announced to give due recognition to employees," he said.

He noted that the large profits

made by some companies were due to the productivity of their employees.

"Give some of it to the workers. If the company makes hundreds of millions in profit, give a hundred or two to the workers so that they too benefit," he added.

Anwar also announced that employees in Sabah and Sarawak can look forward to longer maternity and paternity leave soon.

He said this was because Sabah and Sarawak have agreed to streamline their respective labour ordinances with provisions under the Employment Act, 1955.

"Maternity leave for working mothers in Sabah and Sarawak will be increased from 60 to 98 days to follow the Employment Act.

"Working fathers in Sabah and Sarawak will also get seven days' paternity leave," he said.

In addition, Anwar said the changes to the labour ordinances will include better protection against discrimination and sexual harassment at the workplace.

He said the Sabah Labour Ordinance 1949 and the Sarawak Labour Ordinance 1952 will be tabled in the next Parliament meeting.

Parliament is scheduled to meet from June 24 to July 18.

The increase in maternity leave for working mothers and paternity leave for working fathers came into force in Jan 1 last year following amendments to the Employment Act.

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Civil servants thrilled over increment – it's the best news in a long time

PETALING JAYA: Public assistant officer Annitha Mary Micheal Dass, 26, is planning to get married in January. Nurse Karalin Anthonysamy, 34, is expecting her baby soon.

For both of them – and for all civil servants – the announcement of a salary hike exceeding 13% is probably the best news in a long time.

Annitha, who is with the Parit Buntar Public Works Department, said she was thrilled about the salary hike and felt it was a recognition of their hard work and dedication.

"The increase will certainly have a positive impact on my situation.

"It may not solve many issues like the rising cost of living, inflation rates, and other expenditures, but it will provide some relief and bring greater financial stability," she said.

The soon-to-be bride said she is likely to get a raise of almost RM300, which will be useful after her wedding.

Karalin, who works at Hospital Teluk Intan, said the unexpected news made her doubly happy as she will be having her baby in a few months.

"This will help me pay for daily expenses, baby necessities and hospital bills, and to pay loans," said Karalin, who is expecting an increment of about RM500.

"It's a positive step, but continuous monitoring and adjustments may be necessary to ensure it keeps pace with the evolving cost of living," Karalin added.

Johor Youth and Sports Department assistant director Nur Amalina Holidi, who is likely to get a RM1,000 pay rise, said the increment would be a big help with daily expenses.

"This is a big amount, which I will spend on my children's education, gym and insurance for my family," said the 31-year-old.

Policeman Mohammad Aizat, also 31, from Selama, Perak, is grateful for the raise, especially in view of high living expenses.

"The prices of goods and services have all gone up since the Covid-19 pandemic, but our salary has remained unchanged," said the lance corporal.

Aizat said he would be saving his extra income from next year for family expenditures in the future.

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Experts: It's good but don't hurt economy

PUTRAJAYA: The salary increase for civil servants is a step in the right direction but due diligence has to be done to prevent economic issues in the country, say experts.

The funds for the raise should not come from borrowings, and could even be on a case-by-case basis rather than a blanket pay hike, the economists said.

It must also be accompanied by higher productivity on the part of civil servants.

Veteran economist Dr Geoffrey Williams said the more-than-13% salary increase would boost morale and enhance good behaviour among civil servants.

"Civil servants are not just bureaucrats in Putrajaya, they are also our teachers, nurses, hospital staff, police, firefighters and other frontliners on whom we rely to do a good job.

"Their salaries have been generally low for decades and have not kept up with private sector

wages, with some even earning below minimum wage and living below the poverty line.

"Better salaries will attract and retain better staff, improve motivation and morale, which help ensure reforms are actively implemented.

"Above all, it could help cut corruption, leakages and wastage, which often happens when people who are paid low salaries look for illicit ways to make money," he said.

However, he added that a balance had to be struck between the extra RM10bil needed for higher salaries and economic growth to prevent bankrupting the economy.

"The government will have to walk a tightrope to balance the costs of the salary increase against the expected extra economic growth in 2025.

"The extra RM10bil is about 2.5% of government spending and will have to be funded from a

source other than borrowings, for it to be sustainable," he said.

Economist Dr Carmelo Ferlito agreed, noting that the government should be transparent on the funding for the salary increase.

"If additional expenditures are deficit-financed, this will create inflation, making the salary increase a monetary illusion," he said.

He felt the increase in civil servant salaries should be done on a case-by-case basis to ensure fairness.

"Not all workers will equally increase their performance or productivity, which could cause some to become complacent.

"Salary increases should be the result of individual negotiations between employer and employee to better reflect an employer's performance and current market conditions.

"Rewards should reflect not only increased productivity but

also market signals, instead of political decisions," said Dr Ferlito, the chief executive officer for Center for Market Education (CME).

Sunway University economics professor Dr Yeah Kim Leng said the salary raise would be a boon for civil servants, especially those in the lower wage categories.

"It will help them to better cope with the rise in cost of living and make a public service career more attractive," he said.

"The increased salary allocation is about half a percentage point of gross domestic product."

However, Dr Yeah also cautioned that it was important to ensure wage increases are accompanied by an increase in productivity and service quality.

He noted that given the country's depressed wages, the raise will support income-led growth, as long as wage-induced inflationary pressures remain low and manageable.

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