

# NEW STRAITS TIMES

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## *Regarding the thrifty*

**INCENTIVE:** It will encourage civil servants to be more efficient in implementing govt projects



**DURING** the 14th Premier Civil Service Dialogue, Prime Minister Datuk Seri Najib Razak proposed a new approach to spending – rewarding those who spend prudently.

Towards the end of each year, I have heard too many times that certain government agencies or ministries have unutilised budgets that need to be spent, lest the allocation be channelled back to the consolidated fund. They will try frantically to find ways to spend money, and spend it on unnecessary items and services that might lead to wastage.

Then, comes praise from the government for any government agency that spends the money allocated as an "efficient" agency, and further allocation should be added in the next fiscal year.

This practice has been going on in the government for decades. Countless Auditor General's Reports have mentioned unnecessary spending year after year, but unfortunately, it seems that the problem will not go away any time soon.

In the 2014 Auditor General's Report, there were still drawbacks by government agencies in their spending, and it seemed that the agencies were not thrifty enough when it came to the execution of their projects. It was not surprising to see that millions of ringgit worth of assets were reported unidentified and RM27 million had gone to waste in a project that was later shelved for several years, among others.

This demonstrates that people in these agencies are not as thrifty as expected of government officers in spending taxpayers' money. Although the 2014 Auditor General's Report showed some improvement from the previous year, leakages occurred again and again, and human error is to be blamed for them.

The proposition to reward those who are prudent in their spending by the prime minister himself is long overdue in my opinion, and certainly worth exploring. This tradition of acknowledging spending as a criterion for good governance is no longer valid. It is worth rewarding a ministry with some proportion of the unutilised budget as a bonus for achieving its objectives and key performance indicators (KPIs) with reduction in costs. This will, in fact, motivate the ministry to serve the public better.

This form of incentive will encourage civil servants to be more efficient in implementing their activities and, at the same time, help the government save. As the prime minister said: "The principle here is, we give incentives to civil servants for being efficient."

The implementation of this kind of incentive, however, remains up in the air. It is a mere idea proposed by the prime minister. As I said earlier, it is worth exploring, and the exploration of the idea is indeed tricky.

Firstly, one aspect that needs particular attention is the amount required by the ministries or agencies. There is a perception among the public that most government agencies will usually "mark up" an extra 10 per cent from the required budget when they propose a budget to the Finance Ministry. The perception stems from the annual Auditor General's Report, which shows most of the purchases made are overpriced in all expenses. However, that figure has been perceived by the public as a conservative one. Depending on the project, the public believes that it may be as high as 30 per cent.

Secondly, what level of efficiency for government ministries or agencies is needed to be assessed for the reward to be given? Right after the prime minister took office, he introduced KPIs to government ministries and agencies akin to those introduced by the private sector to their employees. Proponents of KPIs believe that they are a good measure to improve the efficiency of government employees, who, for the past few decades, have been perceived as being not efficient enough. However, critics believe that KPIs are just a political ploy to get the support of the public, while the service is not up to the standard that they believe is efficient. Therefore, to reward such agencies may require a lot more than KPIs.

This proposal is a novel one by the prime minister, which seems to depart from the traditional rewarding of ministries or agencies. However, those that have been tasked with looking at this idea need to be precise with every facet of the proposal, and at the same time, become more transparent in implementing and executing the idea.

People want to know how their tax money is spent. They expect it to be spent prudently, and expect nothing less than world-class service from ministries and agencies. By doing so, the government will be in good hands.

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