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Pension liabilities should be a concern

A LEADING Finance Ministry official said on NTV7 recently that the Government plans to increase the pay of civil servants starting next year to keep pace with price hikes.

I think it is a good idea because the number of civil servants, about 1.4 million, need to know that they will not be left behind when the cascade of price increases will begin, if not already.

But he did not mention anything about the pension liabilities the Government has to fund when pensioners draw 60% of their last monthly pay cheque, besides the costs involved in acquiring free medical care.

Is there a new tax in the offing or perhaps moving future retirees to a defined contribution plan, among other plans, to ease the unfunded liability of the Government posed by pension costs?

I think it is important to look at the back-end of things (pensions, for instance) and not just the front-end of things (salaries and benefits, for example) for all stakeholders involved, as ignoring or trivialising the back-end, for whatever the reasons, might translate into a naturally smaller civil service workforce, after all is said and done.

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