

# Time for civil servants to contribute to pension pot

The Star - 29/6/2007

WHILE few will quarrel with the recent huge pay increase for civil servants, they only hope that services at government departments and agencies will improve to justify the raise.

If there is any reservation, it is the RM8bil payout on the future pension bill, which could add another RM3bil to the retirement fund.

Should this trend continue, there is a possibility that a future government might have difficulty in meeting this obligation, especially during a recession, which cannot be ruled out in the future.

The Government is trying to avoid this by ensuring that the nation will keep progressing through planned development so that economic growth will follow suit.

With this continued prosperity, it will be possible for government revenue to grow at a faster pace to finance all its political,



economic and social programmes for the benefit of all.

But the increase in revenue cannot be taken for granted and it is necessary for the Government to meet its retirement obligation by maintaining a higher income to do so.

For far too long, civil servants have been enjoying their pensions paid at present entirely from public funds. Perhaps it is time to change this practice to lighten the massive monetary load faced by the Government.

One way to achieve this is for civil ser-

vants to contribute to the pension pot based on the EPF model for the private sector, which has been one of the most successful of its kind in the world.

Under the EPF, both employers and employees will contribute a percentage of their basic income to the new scheme. The Fund receives 12% share from the company while workers pay 11% on a monthly basis.

Cuepacs, the umbrella body for all public services unions, has expressed its objection following indications that the Public Service Department (PSD) is already putting the finishing touches to this scheme.

After enjoying this perk for free for so long, it is understandable that its leaders will try to do everything to stop its implementation.

They would like to be consulted first before the announcement is made so that they can discuss this and give their input.

This is a fair request but the moot point is that the Government will go ahead with it anyway, with or without Cuepacs' endorsement.

If there is any discussion, it will most probably centre on the quantum which civil servants will have to pay as well as whether the Government will be making any contribution.

It may be incumbent on the Government to commit to some form of payment, just as private employers are doing. At least in this way, the workers will know just how much they would have in the kitty when they become pensioners.

What the 1.2 million civil servants would like to know most is how much pension they will get. It will not go down well if they should receive less than the 50% of their last drawn pay, which is the present formula being used.