

DPP criticizes civil servant perk law

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Retired junior public servants will soon see a nice boost in their savings, as a law increasing the amount of money they can deposit into an 18 percent preferential interest rate account comes into effect this year.

The move, passed by the legislature last year, was criticized by Democratic Progressive Party (DPP) lawmakers yesterday as unfair and unnecessary as interest rates in public banks continue to hover below 2 percent, despite a 0.125 interest rate hike announced last week by the central bank.

At a press conference, DPP lawmakers said the “18 percent” clause first came into effect more than two decades ago when salaries in the public sector were lagging and the government was encouraging people to save.

The preferential interest rate was introduced in 1983 under the Chinese Nationalist Party (KMT) administration to take care of civil servants, soldiers and teachers as the three groups had low incomes prior to that.

The policy has long been the target of criticism, with many saying the preferential interest rate has caused a great burden on the nation’s finances and created social injustice.

“The conditions are very different now,” DPP Legislator Lee Chun-yee (李俊毅) said. “For the country to continue to [feed and clothe] public employees, we have to consider how the public will feel about this.”

Retired public servants under the ninth pay-grade level that entered the civil service before 1995 are expected to see their monthly checks increase by about NT\$2,000, as the amount eligible for the special savings rate increases.

A public employee, for example, with NT\$1.5 million (US\$51,500) in retirement funds, would be able to deposit NT\$100,000 more in the preferential savings account, netting an estimated

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NT\$1,500 extra per month. The same deposit for a person without the preferential rates would generate less than NT\$200 in a regular savings account.

Other public employees, depending on their pay grade, would see their additional deposit cap raised even more.

The revision is a rollback from the cuts instituted by former president Chen Shui-bian's (陳水扁) administration, which, in a deeply unpopular move among public employees in 2006, drastically cut the program, saving the national coffers billions of NT dollars. Government officials said at the time that the clause was "outdated" and no longer needed.

The KMT-dominated legislature reinstated the perk last year during a boycott by DPP lawmakers who were upset over the Economic Cooperation Framework Agreement's (ECFA) vetting process. Several opposition party lawmakers said they didn't learn of the amendment to the Civil Servant Retirement Act (公務員退休法) until it was too late.

"They snuck it through successfully," DPP Legislator Pan Men-an (潘孟安) said. "Not only did they revise the cap, they also enshrined the [18 percent] into law, an action that should be condemned."

DPP lawmakers said the revision was passed to drum up support from former public employees — estimated to number about 400,000 — prior to next year's presidential election, an allegation the government denied yesterday.

Speaking in the legislature, Minister of Civil Service Chang Che-chen (張哲琛) said the revision was expected to save the national coffers about NT\$100 million annually, because the amount of savings held by more senior retired public employees would be revised downward. Retired civil servants between pay grades 11 and 14 are expected to see a cut of about NT\$6,000 a month, he said.

"Previously, the revision pioneered by the DPP administration fattened senior officials' [bank accounts] at the expense of more junior workers," he said.

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What the KMT-passed revision did, he said, was a means to “readjust the balance.”

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