

Gov't state pension outlays to increase by almost 8bn lei in 2021 from 2020

State pension outlays in the 2021 state budget is already increasing by almost 8 billion from last year, according to Prime Minister Florin Citu, who also says that adjusting pensions for inflation will be addressed according to the legislation in force.

"Pension expenditure in the 2021 budget is already increasing by almost 8 billion lei from last year, from last year's pension increase. So that you can realise: 8 billion means about 0.8% of GDP, plus an increase in child allowances, last year's increase plus this year's increase, another almost 3 billion, we are talking about 1.1% of the GDP in addition to what we had last year in the budget, so expenses in addition to last year. From here we start building the budget this year on the legislation in force, of course," Citu said at the Parliament House on Monday when asked if the state pensions will increase from September 1.

Regarding adjusting pensions for inflation, as rumoured in the public square, the prime minister explained: "I repeat what I have been saying from the beginning: the budget is built on the legislation in force; what the law says to be done, that will be done."

He added that, at the moment, amendment to two laws are pending that have created problems for the sustainability of public finance in Romania: the Law on uniform public pay and the Law on state pensions, emphasizing that the state budget is built on existing legislation.

Citu explained that the Law on uniform public pay is about introducing "more efficiency" in the public administration.

"It's also about linking performance, revenue to performance - there are several things. In addition to wanting to have a clear hierarchy, we should also introduce some performance indicators that are connected to that revenue, so that the increase in incomes should not be politically decided every year; it should be one related to economic performance," said Citu.

He also touched on public pay bonuses, saying that an analysis of the matter is done at the same time with the one on the budget.

"(...) You should know that the reforms that we want to introduce will take two years and a large part of the reforms that we will adopt in 2021 will have an impact on the 2022 budget, (...) so we are not just thinking about the budget for 2021, we are thinking about these two years. (...)," said Citu.