

Gov't salaries up 3.2pct to RM69b in 2015

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ECONOMIC REPORT Government servants' salaries are expected to grow 3.2 percent to RM69.1 billion in 2015, according to the 2015/2016 Economic Report by the Finance Ministry.

The report attributes this increase in emoluments to "provisions for annual salary increments and special financial assistance for Hari Raya." Emoluments is the largest component of operating expenditure (OE) at 32 percent and constitutes 6 percent of gross domestic product (GDP). Overall OE is expected to drop 2.9 percent to RM213.3 billion in 2015.

"In efforts towards a leaner civil service, creation of new posts has been frozen and existing posts will be filled through redeployment," said the report.

The next biggest component of OE at 17.2 percent is supplies and services which is expected to grow 6.9 percent to RM36.6 billion.

"The growth in supplies and services is primarily due to higher outlays on repairs and maintenance as well as payment for services required," said the report.

The report also adds that the government has undertaken several rationalisation measures including minimising expenses on events and functions, travel and transport, utilities as well as postponement of the National Service Training Programme (PLKN) to contain growth in supplies and services.

Expenditure on subsidies, which includes assistance and incentives, is 12.3 percent of OE and expected to decrease 34 percent. The report attributes this to lower fuel subsidy payments following the implementation of a managed float fuel pricing mechanism for petrol RON95 and diesel.

Debt service charges are estimated to increase 7.9 percent to RM24.4 billion. As one of the mandated items, debt service charges take priority over other commitments.

"With 97 percent of total federal government debt denominated in ringgit and fixed coupon rates, the exposure to currency exchange and interest rate risks is well contained," said the report.

Grants to statutory bodies, which are mainly for emoluments as well as supplies and services, are expected to fall 4.3 percent to RM15.7 billion.

"This is in line with the government's efforts to encourage statutory bodies to be less on federal grants, especially for entities with a steady income stream and high reserves," said

the report.

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