

An effective civil service does not burden Govt

IN a recent interview with a vernacular newspaper, Second Finance Minister Datuk Johari Abdul Ghani brought up a matter that is seldom highlighted publicly – the size of the Malaysian public sector.

He said the country's 1.6 million government employees formed "the world's largest proportion of civil service".

With a population of 31 million, Malaysia has a ratio of one civil servant to almost 20 people.

To compare, the news report cited corresponding figures for several other countries: Singapore (1 to 71 people), Indonesia (1:110), South Korea (1:50), China (1:108), Japan (1:28), Russia (1:84) and Britain (1:118).

Johari was making the point that a major challenge for the Government was the rising costs of running the public service system.

This is particularly tough when there is a decline in the taxes and other receipts collected from the oil and gas and palm oil industries.

However, he added that there were no plans to reduce the civil service head count.

The minister has won praise for bringing attention to an issue that many have long felt deserves public awareness and discussion.

Emoluments are by far the biggest component of the Government's operating expenditure, and that cost has kept expanding.

Back in 2006, emoluments totaling RM28.5bil made up 26.5% of the operating expenditure. A decade later, the percentage is estimated to be 35.7%. To pay its employees this year, the Government has allocated RM77.4bil, which is 36% of the budgeted operating expenditure.

And let us not forget the retired civil servants. According to the Public Services Department, there were 739,000 public service pensioners in 2015, and every year, 23,000 people join this group.

In 2010, the Government spent RM11.5bil on pensions and gratuities, accounting for 7.6% of the operating expenditure. In the Budget 2017, retirement charges will come to RM21.8bil, about 10% of operating expenditure.

Although Johari did not appear to use the phrase in the interview, others were quick to talk about the

"bloated civil service".

It should be pointed out that measuring and comparing the sizes of the public sector can be tricky and misleading. There are different ways of defining a civil servant. And the width and depth of a public service system is very much determined by the country's prosperity and policies.

The Organisation for Economic Cooperation and Development looks at public sector employment as a percentage of total employment. In 2013, the average among its members was slightly above 19%.

In Malaysia, civil servants represent 10.8% of our labour force. Perhaps, the public sector is not bloated after all.

On the other hand, we must bear in mind that the number of government employees is growing faster than the country's labour force.

But we cannot discuss quantity and ignore quality. The issue here is not about how large our public service system is; it is whether the system is larger than necessary.

No matter how big, the numbers make sense if they yield excellent results and lead to robust revenue growth.

At a time when the Government is pushing hard in areas such as innovation, productivity and good governance, the civil service ought to lead by example.

There are already ongoing efforts to transform public service in Malaysia and surely the hope is that these initiatives will result in greater transparency and accountability, enhanced competitiveness, and a high-performance culture.

What is also absolutely clear to us is that the Government's financial obligations are increasingly heavy, and much of this has to do with the emoluments and pensions it pays.

It is realistic to expect the Government to be more prudent in its hiring of new employees. It cannot afford to be the country's default employer and young people are wrong to blame the Government if there are no civil service vacancies for them to fill.

The public sector's primary role is to serve the country's needs effectively and efficiently. It cannot do that if it is a burden to the Government and ultimately the people.