

State Salaries Could Be Frozen

By [The Moscow Times](#)

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Russia may freeze state employees' salaries next year, Deputy Finance Minister Tatyana Nesterenko said Tuesday.

The comment comes on the heels of a Finance Ministry proposal on spending cuts that could see 300 billion rubles being re-allocated in each of the next three years to support small and medium businesses and regional budgets.

Speaking to reporters in Kazan, Nesterenko said the government may put salaries of state employees, military, judges and prosecutors on hold, Interfax reported.

Budget spending would be reduced by 268 billion rubles (\$8.3 billion) in 2014 and by 500 billion rubles in 2015 and 2016, the ministry said Monday at a working session with Prime Minister Dmitry Medvedev.

Last week, Finance Minister Anton Siluanov said his agency had fleshed out a project that foresaw making 5 percent cuts in half of all budget line items over the next three years, saving

69.5 billion rubles in 2014, 73.3 billion rubles in 2015 and 76.4 billion rubles in 2016.

Siluanov said additional savings could be made by tweaking retirement incentives, abolishing indexation on payments to soldiers, and delaying funding for the Moscow-Kazan highway until 2016. The ministry also wants to gain savings from a tax maneuver on oil export taxes and cut expenditure on military equipment.

The Finance Ministry offered the Defense Ministry an additional 68 billion rubles from its 2016 budget in exchange for participating in the across the board 5 percent cut. The Defense Ministry made a counter proposal that would leave it without the 2016 “bonus” but would have it cutting its 2014 and 2015 budget by 24.5 billion rubles and 45.3 billion rubles, respectively.

If the overall savings plan is approved by the government, somewhere between 100 billion and 300 billion rubles could be reallocated thanks to the cuts, Siluanov said.

The 86 billion rubles of savings would be used in 2014 to subsidize insurance for small and medium businesses, and 93.3 billion rubles would be allocated in 2016.

The Economic Development Ministry would see an additional 10 billion rubles in 2014 and 20 billion rubles in 2015 allocated for supporting small businesses, while regional budgets would receive a financial boost worth a total of 50 billion rubles from 2014-15.

The Finance Ministry also plans to bulk up the Pensions Fund's coffers with additional 103.8 billion rubles in 2015 and 180.1 billion rubles in 2016, and the Reserve Fund with 10 billion rubles in 2014 and 2015.

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