

**ANNEX 1**

**FACTSHEET ON SALARY BENCHMARKS**

1. The 1994 White Paper on *Competitive Salaries for Competent and Honest Government* established 2 private sector salary benchmarks to peg the salaries of Ministers and Administrative Officers. In 2000, a review of the White Paper made further refinements to the benchmarks. The benchmarks are based on the salaries of top earners from a basket of six professions (namely bankers, lawyers, accountants, engineers, employees of Multi-National Corporations and local manufacturers).
2. The 2 benchmarks are currently defined as follows:
  - a. **Staff Grade I (MR4)**: The annual salary of an Administrative Officer in Staff Grade I is pegged to two-thirds of the salary of the 24<sup>th</sup> highest earner (median) among a group comprising the top 8 earners from the 6 professions;
  - b. **Superscale (SR9)**: The annual salary of an Administrative Officer in the entry Superscale grade is pegged to the annual salary of the 15<sup>th</sup> top earner aged 32 years belonging to the 6 professions.
3. Salaries for the intermediate grades are interpolated between the 2 points. The salaries of political, judicial and statutory appointment holders are pegged to these benchmarks. The entry grade for Ministers is pegged at Staff Grade I, and the higher appointments (for example, the President, Prime Minister, Chairman Public Service Commission, judges, etc) are set based on predetermined ratios to the Staff Grade I salary.
4. For the benchmark data, only earnings of Singapore citizens, Singapore Permanent Residents, and Malaysians working in Singapore are included.

### **The Six Professions**

5. The six professions are bankers, lawyers, accountants, engineers, employees of Multi-National Corporations and local manufacturers.

6. These six professions have been selected as they are alternative professions that top calibre senior civil servants could have joined. Our Ministers and top civil servants should be of calibre similar to those who would have risen to the top in these professions.

7. Civil servants at Staff Grade I are typically Permanent Secretaries leading very large ministries. They also hold concurrent additional appointments such as Chairman of a statutory board, government-linked company, or are involved in other demanding cross-agency projects. The expectations, demands and skills set required of these top public sector jobs are comparable to those in the six professions.

8. Doctors and architects typically also earn high salaries. However, these professions are excluded because these are jobs requiring specialist skills.

### **Comparing with the Private Sector**

9. Singapore is well known for its first-class and clean Public Service. To sustain this, salaries offered by the government must be sufficiently competitive to attract and retain top individuals with the necessary ability and integrity.

10. The Staff Grade I benchmark compares Ministers and top civil servants with top executives and professionals. We recognise that the nature of work in the public and private sectors is different and there is some personal sacrifice involved in public service. This sacrifice cannot be so large as to put off able men and women. For this reason, we have discounted a third of what the median 48 income earners get.

11. Ministers are not in guaranteed long-term jobs. They serve at the pleasure of the Prime Minister and, like all MPs, face the general elections every five years. Similarly, our top civil servants are put on fixed term appointment once they are appointed to top positions.

### **Salary Components**

12. The benchmarks are based on Principal Earned Income which has been taxed. These consist of earnings from the individual's primary source of employment and include monthly salaries, bonuses, stock options, partnership fees and commissions. Unearned and passive forms of income, such as dividends, rent and interest, are excluded. If a person has more than one source of earned income, only the Principal Earned Income in respect of the largest source or the aggregate of the income from the same trade, partnership or employment was used. Therefore, the salary data reflected in the benchmark is not necessarily the total income brought to tax.

13. Taxpayers are classified into the various professions/sectors according to the 1990 Singapore Standard Industrial Classification<sup>1</sup> (SSIC). The salary data was extracted on basis of these classifications.

14. Stock options are included in the salaries of the top income earners. However, the gains from stock options vested each year are discounted by 50%. This means we only take half of the stock option gains in the current year, as current year income. This is because the amount of stock options are usually accumulated over a few years, and the gains may be quite large. Taking the total gains would cause incomes to escalate, and it would not be a good reflection of the actual earnings.

15. The benchmark figures are audited by Auditor-General every year.

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<sup>1</sup> This SSIC classification was last updated in 2005.

**Median Salaries of the Top 8 Earners in the 6 Professions**

**in the Staff Grade I (MR4) Benchmark**

**(YA2006 FIGURES)**

<b>Profession/Sector</b>	<b>\$ mil</b>
Lawyer	4.29
Accountant	3.72
Banker	3.33
MNC	2.70
Local Manufacturer	2.30
Engineer	0.62

The median income for the top 48 earners in YA2006 is \$3.29 million

## **ANNEX 2**

### **Civil Service: More pay for good performers**

- About two thirds of civil servants get 3% to 5% pay rise
- Home Team, Management and Support Executives and Foreign Service to get more

### **Average rise of 25% for PM and Ministers**

Range from 14% to 33%

### **Summary of Civil Service Salary Revisions**

<b>Wage Bill</b>	<b>Current</b>	<b>Increase</b>	<b>Revised</b>	<b>% Increase</b>
Civil Service	\$4.5 bil	\$214 mil	\$4.7 bil	4.7%

<b>Civil Service Schemes</b>	<b>Examples of Schemes</b>	<b>% Increase in Annual Salaries<sup>#</sup></b>	<b>% of Civil Servants<sup>*</sup></b>
Group 1: Schemes with Built-in Salary Adjustment Mechanism	Accounting Profession, Economist Service, Statistician Scheme	According to normal adjustments	0.3%
Group 2: Schemes which are close to or at market	Corporate Support Scheme, Operations Support Scheme, Education Service, Administrative Service (Grades SR9 and below)	3 – 5%	61.5%
Group 3: Schemes which lag the market	Management Executive Scheme, Management Support Scheme, Technical Support Scheme	5 – 8%	10.7%
Group 4: Schemes which require major adjustments	Foreign Service, Home Affairs Uniformed Services, Administrative Service (Grades SR8 and above)	5 – 33%	26.5%
		<b>Total</b>	<b>99%<sup>^</sup></b>

<sup>#</sup> For schemes which are undergoing further review, such as the Management Executive Scheme and Home Affairs Uniformed Services, there will be further adjustments later in the year if the economy continues to do well and market conditions permit.

<sup>\*</sup> An estimated 5% of civil servants in these schemes will not be eligible for the salary revision which will be linked to performance.

<sup>^</sup> About 1% of civil servants on moribund schemes (which are outdated) will not be eligible for any salary revision.

### Summary of Increases in Wage Bill for Appointment Holders and Members of Parliament

Wage Bill	Current	Increase	Revised	% Increase
Political Appointment Holders	\$45.5 mil	\$10.5 mil	\$56.0 mil	23%
Statutory and Judicial Appointment Holders	\$27.3 mil	\$7.2 mil	\$34.5 mil	26%
Members of Parliament	\$17.1 mil	\$3.9 mil	\$21.0 mil	23%

### **Pay Comparison Before and After Salary Revision**

<b>Grade</b>	<b>Benchmark</b>	<b>Benchmark level (YA2006)</b>	<b>Actual Salary (2006)</b>	<b>Revised Salary (2007)</b>
(Minister) MR4	2/3M48	\$2.2 mil	\$1,202,600 <i>(55% of benchmark)</i>	\$1,593,500 <i>(73% of benchmark)</i>
(Superscale) SR9	15P32	\$361,000	\$371,900 <i>(103% of benchmark)</i>	\$384,000 <i>(106% of benchmark)</i>

Ministerial Statement on Civil Service Salary Revisions (9 Apr 07)

Grade		2000 Revision			2006 Salary			2007 Salary (Revised)		
		Monthly (\$)	Annual (\$)	Ranking	Monthly (\$)	Annual (\$)	Ranking	Monthly (\$) [% increase over 2006]	Annual (\$) [% increase over 2006]	Ranking *
President		88,200	2,006,000 <sup>#</sup>	57	99,660	2,551,700 <sup>#</sup>	156	104,840 [5.2%]	3,187,100** [24.9%]	90
Prime Minister	-	85,300	1,940,000 <sup>#</sup>	63	96,240	2,464,000 <sup>#</sup>	164	101,680 [5.7%]	3,091,200** [25.5%]	102
Senior Minister		84,600	2,159,000	41	95,390	2,680,600	144	100,110 [4.9%]	3,043,300 [13.5%]	108
Minister Mentor		NA	NA	NA	94,530	2,656,600	147	100,100 [5.9%]	3,043,300 [14.6%]	108
Deputy Prime Minister		65,200	1,665,000	90	73,470	2,064,700	249	80,670 [9.8%]	2,452,500 [18.8%]	166



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Grade		2000 Revision			2006 Salary			2007 Salary (Revised)		
		Monthly (\$)	Annual (\$)	Ranking	Monthly (\$)	Annual (\$)	Ranking	Monthly (\$) [% increase over 2006]	Annual (\$) [% increase over 2006]	Ranking *
Minister/ Senior Permanent Secretary	MR4	37,900	968,000	367	42,790	1,202,600	769	52,420 [22.5%]	1,593,500 [32.5%]	438
Entry Superscale Grade	SR9	17,500	363,000	>1000	17,530	371,900	>1000	17,530 [0%]	384,000 [3.3%]	>1000
Member of Parliament	-	11,900	176,000	-	11,920	175,500	-	13,200 [10.7%]	216,300 [23.2%]	-

\* Comparing projected 2007 salaries with rank list of YA 2006 earners across all sectors and professions.

# The President and the Prime Minister do not draw a car allowance, as they are provided with an official car.

\*\* The 2007 revised salary structure replaces the car allowance with higher GDP bonus and performance bonus. The President and the Prime Minister will draw this new restructured salary. The President's and Prime Minister's annual salaries will increase by 25-26%, which is the average increase for MR4 grades and above. The official car for the President and the PM will now be considered a taxable benefit and subject to tax.

## **FACTSHEET**

### **EX-GRATIA PAYMENTS FOR RETIRED MPS, OFFICE HOLDERS AND CIVIL SERVICE PENSIONERS**

1 Minister for Defence and Minister in Charge of the Civil Service, Mr Teo Chee Hean, announced in Parliament on 9 April 2007 that Government will make an ex-gratia payment to the group of Members of Parliament (MPs) and Office Holders who retired before Dec 1992 and civil service pensioners who retired before 1 Jan 1982.

2 This is in recognition of the fact that they had laboured hard to lay a strong foundation for Singapore.

#### **RETIRED MPS AND OFFICE HOLDERS**

3 In 1996 and 2000 the Government gave ex-gratia payments to retired Office Holders and MPs in recognition of their contributions during the early years of nation building. These are former MPs and Office Holders who were elected between 1959 and 1980, retired before 31 Dec 1992 and are now in receipt of a pension.

4 This year, the Government will give another ex-gratia payment to these retired MPs and Office Holders. The quanta of payment will follow the formula used in 1996 and 2000, which is based on length of their pensionable service as MPs and Office Holders and when they were elected. The cost to Government will be about \$2 million.

#### **PENSIONERS WHO RETIRED BEFORE 1 JAN 1982**

5 The Government also made special ex-gratia payments in 1996 and 2000 to pensioners who worked with the Government during the turbulent times of the 1950s and 1960s, and who retired before 1 Jan 1982.

6 They would not have enjoyed the benefits of the National Wages Council increases which were consolidated into pensionable basic salary in Jan 1982. Officers who retired before Mar 1972, when all pensionable officers were

brought under the Central Provident Fund (CPF) Act, would also not have enjoyed the benefits of the employers' contributions to their CPF.

7 This year, Government will make another similar payment in recognition of their contributions. As in 1996 and 2000, the quantum of ex-gratia payment will depend on when the pensioner retired as follows:

If he retired before 1 Apr 1972, the ex-gratia payment will be 13.5 months of pension, up to a maximum of \$13,500;

If he retired between 1 Apr 1972 and 31 Oct 1977, the ex-gratia payment will be 10.5 months of pension, up to a maximum of \$10,500; and

If he retired between 1 Nov 1977 and 31 Dec 1981, the ex-gratia payment will be 6 months of pension, up to a maximum of \$6,000.

8 These payments will cost the Government about \$7.6 million.

9 The total cost of the ex-gratia payments will be about \$9.6 million. Some 43 retired MPs and Office Holders, and about 2,400 pensioners will receive the ex-gratia payments.

10 The ex-gratia payment will be credited into the recipients' CPF accounts in May 2007.

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