

# Salaries and allowances

## WHAT REVIEW PANEL HAD RECOMMENDED

### Adjust conditions for national bonus

- The bonus is based on four indicators: real median income growth of citizens, real income growth of lowest 20th percentile of citizens, unemployment rate of citizens and real GDP growth.
- Each accounts for 25 per cent of the payout, which ranges from zero to six months.
- Keep all four indicators but tighten target levels for unemployment rate and GDP growth rate.

### Raise pay by 9 per cent

- The total annual salary of an entry-level minister should be increased by \$100,000 or 9 per cent to \$1.2 million.
- Other office-holders' salaries should be adjusted according to a pre-set ratio.

### Annual salary adjustments

- The Government could consider making yearly changes, giving higher pay when growth is good and vice versa.

### Lower minimum point for MR4 salary range

- Adjust it from 85 per cent to 80 per cent.

### Raise NCMF allowance

- A Non-Constituency MP's annual allowance is 15 per cent of that of an MP, who would receive a \$210,000 annual package under the recommendations. Raise proportion to 20 per cent.

## WHY?

- It may be tough to keep unemployment rates at historically low levels, but a tighter range is in order as this is an area that directly affects the lives of citizens.
- While the expected GDP growth rate is 2 per cent to 3 per cent a year in the next decade, a target of 2.5 per cent to below 4.5 per cent is more rigorous and reflects the importance of growth.
- The committee considered but decided not to include indicators relating to Professionals, Managers, Executives and Technicians (PMETs) and quality of life. It said PMETs are already accounted for by current indicators and it has not found a satisfactory measure for quality of life.

- Salary levels have not changed since the 2011 review, with the MR4 salary fixed at \$1.1 million although it has been below the benchmark annually for the past five years.

- The Government risks having a benchmark that loses relevance over time should it choose not to close benchmark gaps yearly.

- The current minimum point is to allow for a system in which a new minister will be paid more only after serving for a period and proving himself.
- The adjustment is so that a MR4 pay can be at about the same level as the current salary, before the 9 per cent proposed increase.

- The increase is in line with NCMFs gaining full voting rights since April 2017. They can now vote on government budgets and changes to legislation.

## WHAT MAKES UP ANNUAL SALARY:

The annual salary of a political office-holder is made up of five components: monthly pay, 13th month bonus, annual variable component, performance bonus, and national bonus.

They get 12 months of fixed pay and a 13th month bonus.

The variable component, which is given twice a year based on Singapore's economic performance, ranges from 0 to 1.5 months.

The performance bonus is decided by the Prime Minister and ranges from 0 to 6 months. Good performers typically get 3 months.

The national bonus is based on the Government meeting targets set for four socio-economic indicators. The bonus ranges from 0 to 6 months depending on how well

the Government meets the targets set.

The Prime Minister receives a higher national bonus in lieu of performance bonus, as there is no one to assess his individual performance. He will get a national bonus of six months if targets for the indicators are met.

## PRESIDENT'S PACKAGE:

1. Monthly salary is equal to reference monthly salary of the Prime Minister.
2. Annual package comprises monthly salary, 13th month bonus and annual variable component, which is typically one month.
3. Gets official car, which is subject to tax.
4. Does not get performance bonus or national bonus because the President neither sets national policies nor has direct executive responsibility for governing the country.



Deputy Prime Minister Teo Chee Hean

STRAITS TIMES GRAPHICS

## DID YOU KNOW?

### 1. What is a clean wage?

The principle of a "clean wage" for ministerial salaries refers to a total sum without hidden benefits. Appointment holders do not receive benefits such as housing and cars for personal use or tax exemptions. Their medical benefits are the same as that of civil servants, and they do not receive hospitalisation benefits.

### 2. Who gets a car?

Only the President, Prime Minister and Speaker of Parliament may use an official car, which is a benefit subject to tax.

### 3. How is an entry-level minister's salary calculated?

A minister at the entry grade of MR4 has his salary benchmarked to the median income of the top 1,000 Singaporean earners, reflecting the calibre of the people Singapore needs for good government. But this figure is discounted by 40 per cent to signify the ethos of political service.

### 4. How much does the Prime Minister earn?

The annual salary of the Prime Minister is \$2.2 million, pegged to twice the salary of an entry-level minister.

### 5. How much allowance does an MP receive?

The annual allowance for MPs is pegged to 17.5 per cent of an entry-level minister's annual salary, comprising a monthly allowance, 13th month bonus and annual variable component. This is \$192,500 currently.

### 6. What is a Nominated MP's allowance?

The annual allowance for Non-Constituency MP and NMP is pegged at 15 per cent of an MP's annual allowance, to reflect their smaller roles relative to MPs — they do not have a community-based role. This works out to \$28,875.

### 7. What do Speakers and Deputy Speakers receive?

The annual salary of a full-time Speaker of Parliament is pegged to that of an entry-level minister. A full-time Deputy Speaker receives an annual allowance pegged to 15 per cent of a full-time Speaker's annual salary. A full-time Speaker currently gets \$110,000 and full-time Deputy Speaker, \$165,000.