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MINISTERIAL STATEMENT BY THE FIRST DEPUTY PRIME MINISTER

SALARY REVISION FOR POLITICAL, JUDICIAL,
AND RELATED APPOINTMENTS

Introduction

1. The Minister of Trade and Industry announced the salary revision for the Civil Service last Friday.

Along with it, the Government has decided to revise the salaries of political, judicial, and other statutory appointments.

I shall deal first with the political appointments which include the Prime Minister, Deputy Prime Ministers, Ministers, Ministers of State, Parliamentary Secretaries, Political Secretaries and Members of Parliament.

Need for the Best to Form the Government

2. There are 81 Members of Parliament, excluding the Non-constituency MP.

From them, we appoint the Prime Minister and other Cabinet Ministers.

Presently, the Cabinet has 13 members.

These 13 men are responsible for policies which affect every aspect of our lives.

Their decisions determine what kind of homes you live in, what kind of education your children have, and whether you receive good medical treatment should you fall sick.

Their economic and financial policies affect your job, and your take-home pay.

Their effectiveness in maintaining security and upholding law and order enable you to sleep soundly at night.

Their foresight and judgment, and their ability to solve acute problems, both immediate and long term, determine your future.

If you want the right decisions to be made for Singapore, you must continue to get the right people to do the job.

3. Let me illustrate this with a simple example.

Almost every Singapore family has savings in the CPF.

Our total CPF savings amount to \$33 billion.

That is a lot of money.

It can buy you 626,000 4-room flats, at \$53,000 per flat,

or all the 623,000 flats that HDB has built so far.

Your CPF savings are fully backed by reserves in Singapore and abroad.

Suppose you have an incompetent, spendthrift, or worse, dishonest Government.

They may fail to attract investments, and economic growth will falter.

They will not balance the budget year after year, and will soon dig into the reserves.

They may invest the reserves unwisely.

Or they may simply dip their hands into the till, as Marcos did in the Philippines.

Then, your CPF savings will be greatly devalued, or even wiped out, long before you can get them on retirement.

4. Every Singaporean has a vested interest in making sure that the honest and the able stand for elections and that the best of them form the Government.

Every one of Singapore's Ministers must come from the top of their cohorts, not just academically - although this is definitely useful - but also in proven performance.

5. At each General Election, we need 15 to 20 new MPs, just to replace those who grow older.

Amongst the new MPs, we need 2 or 3 who will make good Ministers.

These 2 or 3 must be amongst the best in Singapore, in terms of ability, character and motivation.

They must have the intellectual and moral calibre to govern Singapore.

6. About 50,000 babies are born each year.

We are looking for 2 or 3 Ministers every 5 years.

That means we are looking for that one man in 100,000.

When it comes to potential Prime Ministers, we are lucky

if Singapore produces one such person every 10 or 20 years!

7. By dint of enormous effort, we have succeeded in building a small team of Ministers.

I can say that nearly every minister in the present Cabinet was among the top 50 students of his year.

So were many of our MPs.

8. Many of the ministers were in fact President Scholars, among the top 10 of their year.

Let me name some of the ministers recruited from 1980:

- | | | |
|------------------|---|--|
| Dr Yeo Ning Hong | - | He was one of the 9 State Scholars in 1963 (the State Scholar was the predecessor of the President Scholar). |
| Lee Yock Suan | - | One of 9 President Scholars in 1966. |
| Mah Bow Tan | - | One of 7 President Scholars in 1967. |
| Lee Hsien Loong | - | One of 8 President Scholars in 1970. |
| George Yeo | - | One of 11 President Scholars in 1973. |

And they were at the top of their class in the best universities, competing against the best in UK and Australia.

Difficulties of Recruiting Political Talent

9. We need ministers like them, more at each election.

But such men are increasingly difficult to recruit.

I know the difficulties because I have been talent scouting for the Government ever since I was elected to Parliament in 1976.

Those whom we want in the Cabinet are invariably successful people.

If they were not successful how could they make a success of politics?

10. Unfortunately, successful Singaporeans are seldom eager to enter politics.

They do not believe that the future of Singapore depends on their being in politics.

They are content to leave the country in the hands of other honest and capable people so that they can follow their own private careers in peace.

They know that however successful they may have been in their careers going into politics is a risk, the risk of failure to meet a challenge of an altogether different kind.

Because even if they can manage a ministry they may not be able to handle the sensitive political issues dealing with people's lives, their hopes and fears.

The brighter they are the more clearly they understand that to succeed they must have that feel for people, that ability to sway people and galvanise them into action, that something called political leadership.

11. Putting aside any loss in salaries, why should they give up the certainty of a good future in a profession, or a bank, or a big company or the civil service, for the uncertainty of ministerial office?

Why should they give up their privacy and subject themselves to glare of publicity?

Why should they spend more time with voters when they need the time to spend with their families?

Why should they be called upon when others can do it?

Why should they do it when others are running the Government so well, and they, like everyone else are enjoying the fruits of progress?

Examples of Reluctant Politicians

12. Do you know how many times I had to see Dr Richard Hu, Wong Kan Seng, George Yeo, Mah Bow Tan and Seet Ai Mee before they said 'yes'?

At least 3 times each, and over many months.

I got them to say 'yes' because I persisted and appealed to their sense of duty, duty to their fellow citizens, to their friends and relatives and to their own family.

They did not volunteer to serve.

They were called up.

They finally agreed because of a sense of service to the nation.

Even if we had paid them more than what they were earning, they would still not have come in without intense persuasion.

The sacrifice in terms of loss of privacy and strains on the family is too great.

It is therefore necessary to minimise the sacrifice that a person is asked to make, and minimising the financial sacrifice is the least we should do.

13. Peter Sung was persuaded to stand in the 1988 General Election in a different way.

Dhanabalan recruited him.

He asked Peter Sung in 1984.

Peter declined.

When he was in the Philippines as our Ambassador, he realized that if good men did not come forward, Singapore would go the way of Marcos' Philippines.

So he readily agreed when Dhanabalan approached him again in 1988.

14. Although I am a persistent person when it comes to talent recruiting, I have not always been successful in recruiting candidates.

For example, there is a young man out there in the private sector with the potential to be a top-rate minister.

He works for a multi-national company.

I failed to persuade him to stand in the last General Election.

I must have tried more than half a dozen times, but he stood firm.

One of the reasons was the heavy sacrifice this would mean to his family life.

He does not like publicity.

Neither does his wife.

They do not like to lose privacy for the family.

But another was because he was locked in by his company's stock option scheme.

He stood to lose several hundred thousand dollars if he resigned.

Why should he resign?

I do not blame him.

But I have not given up yet.

I am going to send Peter Sung to see him.

15. I also failed to persuade a public accountant to stand for election as a Member of Parliament.

He works in an international firm.

His firm disallows its employees to take part in politics, as a matter of policy.

He would have had to resign to contest the elections.

It did not make sense to him, or to his family, to give up a stable career, with an income of more than half a million dollars a year, just to become an MP.

The sacrifice was simply too great.

Rationale for Salary Revision

16. People who enter politics in order to get rich are unfit to be ministers.

But why should we require able Singaporeans who are fit to be ministers to make a large financial sacrifice in order to enter politics?

If we demand this of them, why should able men enter politics at all?

If Singapore is to continue to have able men in Government, we must at least ensure that after having sacrificed their privacy, leisure and family time, such people do not also have to make too large a financial sacrifice.

This is the rationale for the current salary revision.

Salary Revision of Political Office-Holders

17. Salaries of political office-holders were last adjusted in 1981.

But because of rapid economic growth, they still lag well

behind incomes in the private sector.

18. Annex A, which was released when the Civil Service pay revision was announced last week, shows typical salaries of top executives and professionals in the private sector in 1987.

Not only are these numbers much larger than Civil Service salaries, they even exceed the salaries of ministers.

This disparity will make it harder to recruit men and women of ability and integrity into government, and to maintain the quality of the political leadership.

This is the reason for adjusting the salaries of political office-holders now.

Structure of Salary Revision

19. The components of the salary revision parallel those for Superscale officers in the Administrative Service, namely:

- a. Higher salary grades for each appointment;
- b. A 1/2 month increase in the existing end-of-year non-pensionable Variable Bonus,

bringing it to 1 1/4 months;

c. A new discretionary non-pensionable performance-based bonus of up to 2 months of salary; and

d. Promotional grades for Senior Parliamentary Secretaries, Ministers of State, Senior Ministers of State and Cabinet ministers.

Higher Salary Grades

20. Annex B gives the details of the new basic salaries.

21. Salaries of political office-holders are expressed in terms of Civil Service Superscale and Staff Grade points.

The Government will now attach higher grades to the various appointments.

For example, ministers are now at Staff Grade I + 5%.

They will move to Staff Grade II + 10%.

22. In addition, the new grades will carry the revised Civil Service basic salaries, so that they will be worth 7% more than before.

These two changes will increase the basic salaries of the posts.

23. Raising the grades will give more room for promoting civil servants.

By creating the new Staff Grades IV and V, we will preserve the existing correct relativities between top civil service and political posts.

After the revision, a Staff Grade V Administrative Officer will earn more than any Minister except the Prime Minister, just as a Staff Grade III officer does today.

24. In percentage terms, this increase in basic salaries may appear large.

But in spite of this increase, Ministers' salaries will still be modest compared to the professions listed in Annex A.

A Minister's revised monthly salary, at \$22,100 basic (\$28,644 gross, including NWC), is less than the top incomes in any of the professions in Annex A.

Even the Prime Minister's revised salary, at \$38,275 basic (\$49,608 gross), will still be far less than what a top doctor or lawyer can earn, and no more than what the CEO of a large local manufacturing company can expect.

Variable Bonus

25. Political office-holders will get the same additional 1/2 month of Variable Bonus, depending on the state of the economy, as Civil Servants.

Performance Bonus

26. Ministers, Ministers of State, Parliamentary Secretaries and Political Secretaries will receive a performance bonus of up to two months of salary; varying from individual to individual, like Superscale officers in the Administrative Service.

The Prime Minister will receive the full two months as a

fixed arrangement.

The Prime Minister will decide how much each Minister, Parliamentary Secretary, and Political Secretary, should receive.

The amount paid to each person will be confidential.

Promotional Grades

27. The Government has also decided to create promotional grades within the ranks of Senior Parliamentary Secretary, Minister of State, Senior Minister of State and Minister.

Promotion from Parliamentary Secretary to Minister of State, Minister and upwards is a route which very few can take.

The leaps in responsibility levels are too large.

Promotion grades within each rank allow us to reward a Parliamentary Secretary or Minister by promotion to a higher salary grade, when he does well in his job.

Despite providing for promotion grades, let me say that a

political career is not iron-clad.

It is fraught with the vagaries of the ballot as well as the risk of making political blunders.

But promotion grades will allow us to reward those who continue, and contribute, in office for many years.

28. Now, I shall deal with the details of the various grades.

Senior Parliamentary Secretaries

29. Senior Parliamentary Secretaries are presently Grade E.

This will be revised to E1, and an additional grade point of D will be added.

Ministers of State

30. The Minister of State grade is currently C, and the Senior Minister of State is B.

There will be three grades for Ministers of State: D1, C and B; and three for Senior Ministers of State: B, A and Staff Grade I.

The overlap at grade B is a transitional arrangement.

These additional grades, especially the higher grades for Senior Ministers of State, will enable office-holders to have a full political career without necessarily becoming full Cabinet Ministers.

Such men can make important contributions at the ministry level, managing complex departments and making operational decisions requiring long experience and intimate knowledge of their field.

We need more such people to reinforce our team.

Ministers

31. Ministers will move from Staff Grade I + 5% to Staff Grade II + 10%.

The promotional point will be Staff Grade IV.

Ministers will be appointed to the higher grade on a personal basis.

Ministerial responsibilities differ considerably in scope.

Those carrying the heavier portfolios should be paid more.

The higher point will enable us to recognize this and pay them properly, without having to move up the salaries of every minister.

32. There is no need to attach new appointment titles to the new grades.

There will be no difference in title or address between those on the higher and lower grades, whether they are Ministers, Ministers of State, or Senior Parliamentary Secretaries.

The term 'Senior Minister' will continue to be reserved for special individuals, like Mr Rajaratnam.

Conversion

33. After this revision, all current appointment holders will be placed onto their corresponding new grade points.

I do not intend to promote any Ministers, Ministers of

State, or Parliamentary Secretaries to the higher grades immediately.

I will only do so later, as and when I judge it necessary.

Make-Up Pay For Ministers

34. Even with the higher salary grades for Ministers, we will still from time to time want to induct successful and able men from the private sector into the Cabinet, men who are earning far more than the revised pay for Ministers, to serve for one or perhaps two terms. If such a person has first to be tried out for a period as Minister of State before being appointed a full Minister, the problem becomes more acute.

35. To accommodate these possibilities without upsetting the protocol order, the Government is introducing a system of make-up pay, similar to that practised with reservist national servicemen.

36. In future when a minister or minister of state is

appointed, he may receive make-up pay in addition to his rank pay.

This will make-up his total earnings to 90% of his previous income, as determined from his average income tax returns for the two years before his appointment.

A minister can continue to receive make-up pay for up to two terms of office.

After that he either returns to the private sector, or stops receiving the make-up pay and continues on his rank pay alone.

37. This will enable the country to benefit from the services of those who do not wish to make politics their entire career, but who have a contribution to make to the nation.

They can now become ministers without having to make too great a sacrifice.

38. The system of make-up pay will not apply to existing office-holders.

It will be used primarily to induct successful people between 35 and 45 years to be tried out as Ministers of State before they are appointed as Ministers.

MPs' Allowances

39. Members of Parliament currently receive a tax-free basic allowance of \$3,000 (gross \$3,850).

This will be increased to \$4,000 (gross \$5,184).

Reimbursement of Secretarial Expenses for MPs

40. In addition to the MPs allowance, MPs will be allowed to claim reimbursement of up to \$750 a month, to defray the wages of a legislative assistant and a secretary.

Several MPs can club together to engage a young graduate (e.g. one doing his Masters or Ph.D.) as a legislative assistant, plus a secretary.

The legislative assistant can help the MPs to research issues and look up facts, so that MPs can be better prepared for public speeches and Parliamentary debates.

The secretary is to help the MPs to despatch constituency work.

Such help may make it easier to get good men to run for Parliament.

41. Most mature legislatures provide such support to their members.

For example, British MPs and US Congressmen have legislative assistants.

They are often bright new graduates, either doing a post-graduate degree, or seeking two or three years of broad exposure before moving on to bigger jobs.

42. Rules will be drawn up later.

They will apply equally to both opposition and government MPs.

Non-constituency MPs will be eligible to claim reimbursement for 2/3 of the full allowance for a legislative assistant but not the 1/3 for secretarial assistance, since they have no constituents to look

after.

Judicial And Other Statutory Appointments

43. Now, I shall deal with the salaries of the judicial and other statutory appointments.

Judicial appointments include the Chief Justice and High Court Judges.

Other statutory appointments include the President, the Speaker, Attorney-General and Chairman of the Public Service Commission.

44. Annex B also gives the details of their salary revision.

The components parallel those for Superscale officers in the Administrative Service, namely:

- a. Higher salary grades for each appointment;
- b. A 1 1/4 months non-pensionable Variable Bonus contingent on economic performance, and
- c. A fixed bonus in lieu of the performance bonus payable to the political

office-holders and the superscale
Administrative Officers.

45. The Chief Justice will have his basic salary increased from \$18,800 per month to \$28,950 per month, and Supreme Court Judges from \$13,600 per month to \$19,550 per month.

The Government will amend the Judges' Remuneration Act to effect these changes to Judges' salaries.

46. Judges are recruited from the Bar as well as the Legal Service.

The salary gaps between them and private sector lawyers are especially large.

At present, the Chief Justice earns less than 56 other lawyers in the private sector, and Judges less than 86 other lawyers in the private sector.

The gap is so wide that few lawyers fit to sit on the bench are willing to serve as Judges or even as judicial commissioners.

After the revision, in terms of earnings the Chief Justice will rank behind 25 others, and the Judges behind 51 others in the private sector.

This is a substantial improvement.

47. The Attorney-General and Chairman PSC will also have their basic salaries increased from \$15,900 per month to \$21,100 per month.

48. The Speaker will also have his salary increased.

The Leader of the House will move a motion on this later.

49. All these appointees will receive the same additional 1/2 month of Variable Bonus, like other civil servants.

This is, of course, subject to the performance of the economy.

50. It is not feasible for these statutory appointments to be paid a Performance Bonus.

Supreme Court Judges receive fixed salaries, in order that they cannot be pressured by the Executive, or even

by their peers, into rendering partial judgments.

It would be invidious to pay them performance bonuses.

On the other hand, to leave them out from the scheme altogether would deprive them of a significant benefit.

The Government has therefore decided to pay the statutory appointments a fixed bonus in lieu of the Performance Bonus.

The President, Chief Justice, Speaker, Attorney-General and Chairman PSC, will receive two months of this fixed bonus.

The Judges will receive one month of fixed bonus.

Cost

51. The total cost of this salary revision is \$9.0 mn, made up of \$4.3 mn for the President, Ministers, Parliamentary Secretaries, Political Secretaries, and Speaker; \$3.0 mn for the MPs, and another \$1.7 mn for the Judges and other statutory appointments.

Implementation

52. The revised salaries will come into effect on 1 April 89, together with the revised Civil Service salaries.

Conclusion

53. This revision will narrow the gap between Ministers' salaries and private sector incomes of senior executives, managers and professionals, and between Judges and lawyers in private practice.

It will not eliminate it.

The gap still remains significant.

54. Some people will try to make political capital out of this revision of political salaries.

They will say that those who go for public office should be ready to make sacrifices.

This is hypocrisy.

People talk of others becoming political leaders and needing to make sacrifices.

But will they sacrifice their own comfortable careers for a political life?

Will they ask their favourite son or daughter to go into politics?

Not just for 1 or 2 years, but for 10 or more years?

Have the opposition parties found such noble self-sacrificing people, to join them and offer a credible alternative leadership to the PAP?

Singapore's future requires us to be hard-headed.

In spite of better terms for MPs and Ministers, I do not expect a rich harvest.

Our talent pool is small, and no salary revision can enlarge it.

But proper salaries can help us to gather whatever talent we have.

55. I know that this decision is politically sensitive.

It should have been done much earlier, but the Government

postponed it because of the last recession.

This time before proceeding, I discussed it with all my Cabinet colleagues.

They agreed that we should act, although they knew that we would have to work hard to win public support for the measure.

The Prime Minister was especially supportive and encouraging.

He offered to speak in Parliament in support of the move.

I thanked him, but told him that since my younger colleagues and I had taken the decision to revise the salaries, we should defend the policy ourselves.

56. Ministers' salaries are a political issue in every country.

Some countries pay Ministers derisory salaries, but give them many less conspicuous benefits, some proper, others ingenious, to make up.

Other countries have a revolving door arrangement.

They allow their Ministers and high officials, after leaving office, to make up, as lobbyists or lawyers, through consultation fees and book royalties what they were not allowed to earn in office.

Yet others keep up the pretence that being a Minister is such an honour that salaries are hardly necessary, with the result that able people shun public office, and the country declines.

57. My colleagues and I have decided that for Singapore's long term future we have to tackle the problem of salary revision of political leaders directly and openly.

58. We could have avoided the issue by camouflaging ministers' salaries, through ingenious allowances invisible to the public, like furnished housing, servants and gardener allowances, cars with drivers, and paid annual holidays abroad for the family - or by making the salaries tax-free.

But that would not be in keeping with our practice of honest and open government.

To continue to have good and clean government we believe our best policy is to pay a person what he is worth, be he a civil servant, a political appointee, or a private sector employee.

In the case of Ministers, we are actually still paying them less than what they are worth, so that no one can accuse a Minister of profiting from taking office.

That is why we decided on 90% instead of 100% make-up pay for future office-holders.

59. The cost of the salary increases is negligible, compared with the big decisions Ministers have to take.

The price of failure to induct the top 0.001% of Singaporeans to serve the country is incalculable.

Look at what has happened to the Philippines and the Filipino people because of President Marcos.

It will be many years before Filipinos stop having to

leave home to work in foreign countries and send money home.

60. If we fail to uphold high standards of government, because we have failed to induct our ablest and our best into the political leadership, Singapore's future can be very bleak.

Unlike the Philippines, we do not have land, rivers and mountains to grow rice, sugar cane, bananas, mangoes and other fruits for export, or dig for gold, bauxite and other precious metals.

61. Our best bet is to induct the honest and the able to keep up a clean and effective government, the best that Singapore can field.

We are committed to fielding the best possible national team for the Government of Singapore.

You have to support us in this task.

AVERAGE 1987 MONTHLY INCOME OF THE TOP THREE EXECUTIVES IN A SELECTION OF LARGE SINGAPORE COMPANIES AND PROFESSIONAL FIRMS

Average Monthly Salary \$	Average Of All Companies Within Group			Highest Within Group
	Top	2nd	3rd	
Banks	141,206	30,700	22,044	196,833
Sharebrokers	122,430	33,989	28,515	214,833
Lawyers	102,297	100,113	69,510	157,150
Doctors & Surgeons	92,917	59,524	50,985	99,258
Accountants	72,235	59,534	56,801	75,256
Multinational Manufacturers	63,748	31,809	28,915	81,681
Architects	50,004	23,750	17,306	59,260
Local Manufacturers	49,779	26,028	22,160	80,900
Oil Companies	34,739	25,446	21,141	56,194
Car Dealers	28,767	17,531	8,620	40,417
Engineers	28,216	18,778	13,890	32,537

Note: Private sector salaries do not include unquantified side benefits which could add another 15%.

MONTHLY SALARIES

	Present		New	
	Grade	Basic Monthly Salary (\$)	Grade	Basic Monthly Salary (\$)
President	III + 15%	25,000	V + 22%	39,425
PM	III + 10%	23,900	V + 18%	38,275
1 DFM	II + 9.5%	20,600	IV + 15%	31,875
2 DFM	II	18,800	IV + 4%	28,950
CJ	II	18,800	IV + 4%	28,950
Sr Minister	I + 16%	18,400	IV + 2%	28,375
Speaker	I + 9.4%	17,400	IV + 1%	28,100
Minister	-	-	IV	27,825
	I + 5%	16,700	II + 10%	22,100
A-G/Chm PSC	I	15,900	II + 5%	21,100
Judges	A	13,600	I + 15%	19,550
Sr MOS	-	-	I	17,025
	-	-	A	14,550
	B	11,500	B	12,300
MOS	-	-	B	12,300
	C	9,500	C	10,175
	-	-	D1	9,100
Perm Secy	C	9,500	C	10,175
Sr Parl Secy	-	-	D	8,100
	E	6,500	E1	7,550
Parl Secy	F	6,000	E	7,000
Pol Secy	G	5,500	F	6,450
MP	-	3,000	-	4,000