

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 24th 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 15th top earner among a group comprising the top 8 earners aged 32 years from the 6 professions.
3. 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 (MR4), and the higher appointments (for example, the President, Prime Minister, Chairman of the Public Service Commission, judges, etc) are set based on predetermined ratios to the Staff Grade I (MR4) salary.
4. For the benchmark data, only earnings of Singapore citizens, Singapore Permanent Residents, and Malaysians working in Singapore are included.
5. The six professions have been selected as they are alternative professions that top calibre senior civil servants could have joined. Doctors and architects typically also earn high salaries. However, these professions are excluded because they require specialist skills.

6. 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.

7. 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 is not a good reflection of the actual earnings.

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

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