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**SPEECH BY DEPUTY PRIME MINISTER, COORDINATING MINISTER  
FOR NATIONAL SECURITY AND MINISTER FOR HOME AFFAIRS  
MR TEO CHEE HEAN AT THE PARLIAMENTARY DEBATE ON  
POLITICAL SALARIES, 16 JANUARY 2012 (MONDAY), 3PM**

**A) INTRODUCTION**

Mr Speaker, Sir, I beg to move:

That this House endorses Paper Cmd. 1 of 2012 on “Salaries for A Capable and Committed Government” as the basis for setting salaries of the President, Prime Minister, Speaker and Deputy Speakers of Parliament, political appointment holders, and Members of Parliament.

2. On 21 May last year, Prime Minister Lee Hsien Loong formed a committee chaired by Mr Gerard Ee to review political salaries. Prime Minister Lee recognized that Singaporeans had genuine concerns over the present salaries of their leaders. At the same time, Ministers should be paid properly so that Singapore will have capable and committed leadership over the long term.

3. The issue of salaries for political appointment holders has been debated in this House several times, for example in 1981, 1989 and 1993. In 1994, there was an extensive debate on the White Paper on *Competitive Salaries for Competent and Honest Government* which established the previous framework for Ministerial salaries. Since then, Parliament has had two more debates about political salaries –

in 2000 and most recently in 2007 – when modifications were made to the framework to improve it, and to respond to new economic and social developments.

4. These have not been easy debates, as salaries tend to be complex and emotive issues, and especially so when they are for those holding elected office. But the government has not shied away from having them because we believe that having the right people to lead Singapore will have a fundamental impact on the future of Singapore. And having the right salaries is a critical component in having the right people. Given that the level of political salaries is of importance and interest to all Singaporeans, we should be open and transparent in discussing it.

5. I would like to thank the Committee for taking on this challenging task. The Committee comprised a group of eight independent members with deep experience, and prominent in a range of sectors – social and community service, business, trade unions and professional services. The Committee sought feedback widely. They received and considered more than 500 e-mails and letters from the public and Members of Parliament. They tapped on a human resource consultancy firm, Mercer, for its technical expertise in job evaluation, pay benchmarking and design. All Members of this House had the opportunity to send in their views and suggestions to the Committee, and several were interviewed by Mercer. After thorough deliberation and consideration of the various proposals during 10 meetings over half a year, the Committee submitted its recommendations to the Prime Minister on 30 December 2011.

6. The key recommendations of the Committee are:

- ◆ One, a new benchmark, which is based on the median income of the top 1,000 earners who are Singapore citizens, with a 40% discount to reflect the ethos of political service;
- ◆ Two, a new salary framework and National Bonus linked to the socio-economic progress of average and lower income Singaporeans; and
- ◆ Three, removal of the pension scheme for politicians

7. The key outcomes of the new framework are:

- ◆ The President's total annual salary is reduced by 51%, and the Prime Minister's total annual salary by 36%; the President's pay will now be 70% that of the Prime Minister;
- ◆ The entry-level Minister's total annual salary is reduced by 37%; and
- ◆ For a Minister's total annual salary to start from \$935,000.

8. I understand that what the Report has referred to as total annual salaries is commonly described as "total annual compensation" in the private sector, so we are talking of the same thing.

9. The Government has considered the Committee's report carefully, and is satisfied that the Committee has studied this subject of political salaries very thoroughly. They have established a set of key principles. They have explained the reasons for their recommendations clearly and cogently. They have exercised their collective judgement in determining how to balance the ethos of public service with an appropriate salary that will not deter able persons from taking up political office.

10. The Government therefore intends to accept the Committee's recommendations. They are fair and balanced, and are an improvement to the previous salary framework. We have thus adopted the report as a White Paper and I have moved a Motion to seek Parliament's endorsement for it to be used as the basis for setting political salaries.

## **B) SETTING THE CONTEXT**

11. Since the previous framework for Ministerial salaries was established in 1994, there have been concerns raised by members of the public as well as Members from both sides of this House. For example, some have pointed out that the previous benchmark was tied to a very small group of top earners who could change from year to year. Volatility of the benchmark was also perceived to be an issue. Others felt that the GDP Bonus was too narrowly focussed on economic growth. Some called for a larger proportion of pay to be variable and linked to performance; on the other hand, others wanted to limit bonuses. There were also issues raised about pensions for political appointees.

12. Several modifications to the salary framework have been made since 1994, taking into account the suggestions as well as evolving economic and social circumstances. For example, widening the peg from the average pay of top 24 earners to the median salary of top 48 earners in 2000, moving towards more performance-based pay in 2007, and including the value of pensions in the computation of a Minister's total pay when making comparisons with the private sector benchmark.

13. Yet, the issue of ministerial pay is not just a technical one. If it were solely a technical issue, we could quite easily hire a compensation expert to help find us the right formula.

14. Let me also state at the outset, that while we are discussing salaries, the most important criterion for anyone seeking political office is first and foremost the motivation to serve our nation and our people. Without that pre-requisite, we will be choosing the wrong people. On that, I believe we can all agree.

15. Hence the subject of ministerial salaries calls for a difficult balance to be made between two considerations: On the one hand, we need to figure out how to provide a continuing connection between ministerial salaries and the well-being and overall progress of Singaporeans – to cement and strengthen the solidarity between political leaders and Singaporeans. On the other hand, we need to set salaries at a level which will not deter able and committed people from serving. This is ultimately a judgement call.

16. The Committee took some time to study this matter, and has re-affirmed three principles as a guide to decide on the salary framework, and where the balance lies.

The Government agrees with these three key principles:

First, salaries must be competitive so that people of the right calibre are not deterred from stepping forward to lead the country;

Second, the ethos of political service entails making sacrifices and hence there should be a discount in the pay formula; and

Third, there should be a “clean wage” with no hidden perks.

17. The Committee also recommended that salaries be linked to the individual performance of political appointment holders and the socio-economic progress of Singaporeans.

### **C) EXPLAINING THE KEY RECOMMENDATIONS**

18. Let me now take this House through some of the key features of the Committee’s recommendations, explaining why the Government intends to accept these recommendations, and clarifying certain points which may not have been fully appreciated.

## **Key changes**

19. I will start with the **Revised Benchmark**. Based on the feedback that the Committee received, as well as the public responses since the report has been released, most people accept that some form of benchmark or comparison is needed. Some have proposed their own. The question, however, is what would make the most appropriate benchmark.

20. Some have asked whether the Committee's recommendation to use 60% of the median income of the top 1,000 Singapore Citizen earners as a peg, is appropriate. They have concerns whether these are the right people to compare against when we consider public office, or whether it is too selective a group.

21. The data for this benchmark came from IRAS. We do not know who these individuals are, as IRAS data is confidential. However, I have asked IRAS for some aggregated data to provide a profile of these 1,000 earners, to see if they are in jobs which require the qualities, abilities and skills that we might reasonably expect Ministers to have. They all earn \$1.3m or more, which is the earned income of the 1,000th earner. Members can refer to the information sheet marked Handout 1 in the package that I have asked to be distributed. These 1,000 earners are in leadership or senior positions in a wide range of businesses and professions. 474, or nearly half of them, hold senior management positions. Not all are CEOs: some are in positions below CEO level. They are also from a diverse range of sectors including manufacturing, wholesale and retail, communications and transport, healthcare and

hospitality. Another 383 come from the financial industry. Professionals – lawyers, accountants, doctors and engineers – account for another 143.

<b>Industry</b>	<b>No.</b>	<b>%</b>
Senior Management Positions in a Range of Industries  (including Chief Executive Officers, Chief Operating Officers, Chief Financial Officers, Chief Information Officers, Presidents, Chairmen, Directors, General Managers from wholesale and retail, real estate and construction, manufacturing, communication, information and transport, healthcare, and hospitality sectors)	474	48
Financial Services  (including bankers, asset managers, traders, Managing Directors, Senior Vice Presidents)	383	38
Professions  (including lawyers, accountants, doctors, engineers)	143	14
<b>Total</b>	<b>1,000</b>	<b>100</b>

22. These are the kinds of professions or positions that able Singaporeans in their late 30s or early 40s would be in, or would aspire to within a few more years.

23. Whilst IRAS cannot reveal details of individuals, we have a sense of who some of these 1,000 top earners are from the Straits Times article “Who earns as much as a minister?” published on 6 January. This will allow us to assess whether we think a Minister has at least a comparable if not larger job, in terms of responsibility, complexity and impact, relative to these persons.

24. According to the Straits Times report, these individuals range from Executive Vice Presidents at SingTel and Singapore Exchange, to Group Company Secretary at Fraser & Neave, to the Executive Directors of Lian Beng Group in the construction industry and Olam International, a trading company.

25. The accompanying article quoted the Executive Director of the Singapore Human Resource Institute as saying that those who earn \$1 million or more cover a wide range, including business owners, senior management, a good lawyer, partner at a law or accounting firm, Chief Financial Officer of a mid-sized organisation with a turnover of \$100 million and a few hundred employees.<sup>1</sup>

26. But let me reiterate that when considering potential candidates to take up political office, the first quality that we look out for, is a sense of public service. We want people who have their heart in the right place, who can empathise with Singaporeans from all walks of life, who want to contribute to the betterment of Singapore and Singaporeans. This has been, and should always be, the important basic requirement for any Member of Parliament or Minister.

27. But, having a passion for public service is not in itself sufficient to run a country well. We therefore want people not only with a sense of public service, but who also have many other qualities: organizational and leadership capabilities, capacity to handle multiple responsibilities, ability to solve problems and take charge in a crisis, and the ability to hold his own with world leaders and further Singapore's

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<sup>1</sup> The Straits Times, "Who earns \$1m in the private sector"?, 6 January 2012.

interests. We are not saying that only people who are among the top 1,000 earners would meet all these criteria, or that we will only draw from this pool. Indeed, many top earners may have the competencies but not the sense of public mission.

28. But looking at the responsibilities of the jobs that these 1,000 hold, we agree with the Committee that this is a reasonable level that reflects the quality and abilities of people that Singapore seeks to, indeed needs to, bring in as ministers for continued good government.

29. I do appreciate that many may still feel that \$1.1 million is a very high figure. But I hope you will also see it from the point of view of a person possessing these qualities and the passion to serve the country. While he may be prepared to enter politics and serve the people whole-heartedly, each person faces different personal circumstances and considerations at the age of 35 or 40, when he has to decide what to do with the prime years of his life. And for good personal or family or other reasons, he may decide to postpone that decision, and ultimately not take the step. If most decide to wait 10 or 15 years before joining politics, we would have already missed those prime years of their service; and we would have a gap in leadership in that age group. Ultimately even if they came in to serve later, they would have much fewer years of experience of working with people on the ground, and of governance; and the ranks of senior, steady and experienced cabinet members who have served in a range of portfolios would be fewer.

30. While there will be those who are willing to take the step earlier, we may be losing others who may not be ready to do so. This will make the potential pool from

which we can draw smaller; and if we have a very deep salary discount, we may have to choose from a drastically smaller pool. This will weaken the depth and breadth of the leadership team and would not be a good outcome for Singapore.

### **Other benchmarks considered by the Committee**

31. The Committee also exercised full flexibility in considering several other possible benchmarks, and explained why they eventually did not adopt them. Let me focus here on two of them.

32. One very popular suggestion has been benchmarking to the pay of foreign leaders. But there are drawbacks with this approach. The Committee's view was that political pay levels and structures based on domestic political considerations in one country may not correlate with the conditions in another. As such, it is more apt to benchmark and structure political salaries in Singapore based on local factors, as salaries can then be linked to the economic and social conditions in Singapore such as employment level, and incomes of Singapore Citizens.

33. Furthermore, there are fundamental differences between Singapore and many other countries, including the size and make-up of the population, and the philosophy of governance. Capable and competent political leadership and good governance have been critical in getting us to where we are today. Our pool of able people is naturally smaller compared to countries with 10 or 20 times our population, such as the UK or Japan, and we have to assemble a Cabinet from this smaller pool.

Our ratio of resources and land to population is also less generous than other successful countries with similar-sized populations, such as Norway, which on a per-capita basis, is the world's largest producer of oil and natural gas outside the Middle East. Unlike the smaller European countries, we do not have the cushion of the European Union. We are a small, multi-ethnic country, set in a volatile region and facing the full force of global competition; our challenges are complex and many. We are a city-state which is critically dependent on good governance to survive, sustain ourselves and achieve success. Hence the high importance we must place on getting the best possible leadership from our small population for Singapore, more so than in other countries.

### **Clean wage**

34. Sir, we have a clean wage system with no hidden perks. It is thus difficult to compare with other countries, or compute the total compensation package of their politicians which often includes substantial allowances, housing, transport and healthcare benefits. It is difficult to get a full listing of them, or of their value to make a complete and meaningful comparison.

35. In comparison, ministers in Singapore have, for example, been on the same medical benefits scheme as civil servants implemented since 1994 – this comprises an additional 1% CPF contribution in their Medisave accounts capped at \$1,190 per year out of which the Minister should buy Medisave approved insurance to provide for his own hospital care, a co-payment subsidy for outpatient treatment capped at \$350 annually, and 50% of dental costs up to a maximum of \$70 per year.

36. We are probably one of the few if not the only country in the world which adopts a clean wage policy for political leaders, where we put all that Ministers earn out in the open so that Singaporeans know what they earn. This is an open and transparent system, but it also has a serious downside, because whenever comparisons are made, they are usually based only on cash income. This makes the salaries of the leaders in other countries look a lot smaller than what they actually are, as it excludes the cost of the benefits and perks that their leaders enjoy, some of which are not even known or measurable.

37. This “clean wage” principle is one of the key principles that the Committee has re-affirmed, and this Government will continue to adhere to this principle as we believe that in the long run, this is the more open, transparent and honest way. It respects Singaporeans, and does not attempt to hide any perks or benefits from them.

### **Pegging to the median or lowest 20th income percentile**

38. Another suggestion has been to peg the pay to a multiple of the Singaporean median income, or to the lowest 20<sup>th</sup> income percentile. The drawback is that such a benchmark would not encompass all the areas of work that a government has responsibility for. However, the Committee has recognised the importance of making a link with the well-being of the man-in-the-street, and also lower income Singaporeans, and I will come to that when discussing the recommended National Bonus.

39. If we benchmarked against the income of a particular percentile, finding a good basis for choosing a specific multiple of that income to set salaries would also be problematic. Some have suggested a multiple of 30 or 50 or even 100.<sup>2</sup> How would one set an appropriate multiple?

40. The setting of such a multiple would require another separate set of reasons to explain why that particular multiple is appropriate for office holder salaries; whereas the Committee's recommended benchmark has a reasonable basis as it has a direct link to the salaries of those with comparable ability and skill sets who might be suitable as political appointment holders.

41. Benchmarking to these 1,000 establishes the quality of the people with the abilities and competencies that we would expect a minister to have. The discount of 40% proposed by the Committee represents the ethos of political service. Under the proposed framework, the minister at the reference point of the MR4 grade earning \$1.1m would fall outside the top 1000 earners and would rank as the **1410<sup>th</sup>** Singapore Citizen income earner. Under the previous framework, the salary of such an MR4 Minister at \$1.58m would be equivalent to the salary of the **700<sup>th</sup>** Singapore Citizen income earner.

### **National Bonus**

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<sup>2</sup> The Straits Times, "Peg ministers' pay to poorest 20%: Low", 5 May 2006.

42. Let me now address the Committee's proposal to **replace the GDP Bonus with the National Bonus**. In the past, GDP Bonus was paid out in years of good growth. GDP was used as a macro indicator of how well Singapore was doing as a country. It was chosen because it was easily understood, and the data readily available. Economic growth also provides Government the resources to build future capabilities for our people and country such as through education and infrastructure, and to level up lower income Singaporeans through social programmes.

43. The Committee has recommended replacing the GDP Bonus with the National Bonus. Many members of the public also expressed the view that the salaries of political office holders should have a more direct link to the well-being of Singaporeans and should include indicators beyond GDP growth. The Government agrees that the proposed National Bonus is an improvement over the previous GDP Bonus. The National Bonus will have more indicators, and these indicators will be more explicitly linked to the socio-economic progress of ordinary Singaporeans, namely (i) real median income growth rate of the average Singaporean, (ii) real income growth of the lowest 20<sup>th</sup> percentile of Singaporean income earners and (iii) unemployment rate of Singaporeans, besides (iv) real GDP growth rate.

44. Some have expressed the view that the National Bonus should be more explicit in defining Key Performance Indicators for individual ministers or ministries, and asked why there is also a need for individual Performance Bonus for ministers and how this will be determined. The National Bonus reflects national outcomes, which the Cabinet and political office holders are collectively responsible for.

The individual Performance Bonus, on the other hand, reflects the Prime Minister's assessment of how each member of his team has contributed in that team member's specific area of direct responsibilities, but also how that team member has contributed to achieving the overall national goals. This reflects the way that the team works. We each have specific responsibilities, but each of us also contributes our views and ideas in Cabinet to our colleagues, so that we arrive at better and more synergistic policies and outcomes. This structure of a National Bonus reflects the collective responsibility for outcomes, while the individual Performance Bonus reflects the PM's assessment of the contributions of the individuals in his team.

### **Pensions**

45. I have already spoken about the recommendation of the Committee to **uphold the clean wage** policy.

46. To further strengthen the principle of clean wage, **Government will also accept the recommendation to remove pensions** for political appointment holders. Pensions have long been a part of the remuneration system for ministers. This was to reflect **the role and impact of Political Office holders, and that it is important to encourage people to serve longer periods of time so that they develop the instincts and understanding of how our Government works so that they can serve Singaporeans better.**

47. Since the review in 2007, the value of pensions has been fully taken into account to make sure that pensions were part of, and not in addition to, the total

remuneration package of office holders when comparing with private sector benchmarks.

48. The Committee has recommended that the pension be removed. With this, political appointment holders appointed on or after 21 May 2011 will not receive any pension. Office-holders appointed before 21 May 2011 will have their pensions frozen, i.e. they will only be eligible for pension accrued up to 20 May 2011, and the frozen pension will only be paid when they step down or retire from office.

49. The pension scheme for Members of Parliament has already been terminated, as all MPs elected after 1 January 1995 are not eligible for pensions.

50. The Government agrees with the Committee to remove pensions.

This brings our politicians in line with the current practice where CPF is the basic retirement scheme for Singaporeans.

### **Effect of the proposed changes**

51. The salaries recommended by the Committee are a reduction from previous levels. The table I have distributed (Handout 2) summarises the changes compared to the previous framework.

52. I would also like to clarify two points about the salary figures, which may not have been fully appreciated.

53. First, the figures quoted are the total annual compensation, including all variable bonus payments. Please see Handout 3. The monthly salary for MR4 and other grades are derived from the recommendations of the Committee. The variable payments are based on a normal year. The \$1.1m figure cited for MR4, comprises fixed salaries of 13 months (or \$715,000), and an assumption of 7 months of variable bonuses (amounting to \$385,000), based on Annual Variable Component of one month (following civil service practice), an individual performance bonus of 3 months for good performance, and national outcomes that result in 3 months of National Bonus.

54. In a bad year, when the targets for components of the National Bonus are not met, the National Bonus will be cut, and hence the total annual salary will fall. This is similar to how Ministers' salaries have fallen previously due to drops in GDP Bonuses and the AVC component, and risen when the economy has done better.

55. In addition, Ministerial salaries have also been cut in years when there was an economic downturn, for example, in 2002 and 2003, and again in 2009. Ministerial salaries had also been adjusted periodically as the benchmark rose or fell. Similarly, the Committee has recommended that this benchmark will allow salaries to be competitive and respond annually to market conditions. We will thus update the benchmark numbers (and the actual Ministers' pay) regularly over the next 5 years.

56. The Public Service Division will continue to monitor and publish the benchmark movements and any resulting changes in salaries annually, as it has done in the past.

57. Second, the Committee recommended a salary range for each Minister grade in accordance with Human Resource practice in the Singapore public and private sector. Please refer to Handout 3 again. The monthly salary of each grade will have a range of 0.9 to 1.1 of the mid-point of that range. However, the starting point of the MR4 Minister grade will be lower, at 0.85 of the reference monthly salary. A Minister on this starting point of the MR4 salary would therefore have 13 months of fixed salary amounting to \$607,750. This represents the basic annual salary, without bonuses, which a Minister at the start point of the grade would earn. With variable bonuses in a typical year, this would come to a total of \$935,000.

58. The lower start point for the MR4 grade allows the Prime Minister more flexibility on where to appoint a new Minister. In addition, the Prime Minister could appoint him even below the MR4 grade, i.e. as an Acting Minister on a Senior Minister of State grade – as already is the practice currently. By so doing, the Prime Minister can test and assess a newly appointed Minister before deciding whether to give him heavier responsibilities, and place him on a higher Ministerial salary or grade. This will help address concerns that new Ministers who were drawing lower salaries in their previous jobs will see huge salary gains by joining politics.

59. Under the proposed framework, the Prime Minister will receive a total annual salary package that is twice the MR4 benchmark, or \$2.2m. The structure of the Prime Minister's salary will be different from that of Ministers in that he will not have an individual performance bonus, but his entire bonus component will be based on the National Bonus. Previously, the Prime Minister's 2010 salary point of \$3.1m

would be roughly equivalent to the salary of the **175<sup>th</sup>** Singapore Citizen income earner. I should point out though, that as announced in 2007, the Prime Minister has been donating his salary increases for five years from 2007 to charity. The proposed salary point of the Prime Minister, after taking in the Committee's recommendations would now be ranked at the **382<sup>nd</sup>** Singapore Citizen income earner.

### **President's salary**

60. There have also been significant changes proposed to the President's salary. The President is Head of State, and performs important ceremonial, diplomatic and community roles. The President has significant custodial powers. However, unlike the Prime Minister, the President does not set national policies and does not have direct executive responsibility for governing the country, except as it relates to his custodial role. The Committee, having taken all factors into account, has recommended that the President be paid the same monthly salary as the Prime Minister, with 13th month bonus and AVC, but without the Performance Bonus and National Bonus. This will give a new salary of \$1.54m, i.e. a reduction of 51% from 2010 levels.

61. The Committee also made recommendations with regard to salaries for the Speaker, Deputy Speaker, and Members of Parliament.

62. The Committee has assessed that the current level of the monthly allowance of Members of Parliament is roughly correct, and has set annual MP allowance at 17.5% of the MR4 benchmark. The Committee has recommended that MPs receive

an annual package of 13 months and AVC. The Government accepts their assessment and recommendation.

#### **D) IMPLEMENTATION**

63. The Prime Minister had already announced that the government intends to accept the recommendations, with the new salaries taking effect from 21 May 2011, the date when the new government took office. While the President's salary is protected under the Constitution, Mr S R Nathan has voluntarily agreed to move to the new framework with effect from 21 May 2011. As announced earlier by Mr Speaker, the President, Speaker and Deputy Speakers as well as former President Mr S R Nathan, former Speaker Mr Abdullah Tarmugi and former Deputy Speakers, Mr Matthias Yao and Ms Indranee Rajah have agreed to adopt the new salaries as recommended by the Committee.

#### **E) IMPACT ON CIVIL SERVICE SALARIES**

64. Presently, Ministerial salaries and the salaries of senior civil servants in the Administrative Service, as well as judicial and statutory appointment holders, such as judges, the Auditor-General, and the Attorney General adopt similar benchmarks. Our basic philosophy for all civil service salaries has been to benchmark against market comparables, but not to lead the market. Where there are no comparable jobs (e.g. very demanding jobs with high social value such as in the Singapore Armed Forces or the Home Team), we have looked at comparable pay drawn by people with similar qualifications and backgrounds.

65. With the proposed changes in the political salary framework, I have asked the Public Service Division to study how relevant principles may be applied to the civil service. The Government agrees with the view of the Committee that “the element of significant discount or sacrifice expected of political appointment holders” should not be applied to civil servants, other statutory appointment holders and judicial appointment holders as they are professionals and hence should not be subject to the same degree of sacrifice as political appointment holders.

## **F) RECOMMENDATIONS**

66. I have requested the Clerk to distribute a summary table of the recommendations made by the Committee. This is in Handout 4.

## **G) CONCLUSION**

67. Sir, I have taken this House through a rather technical discussion on the recommendations of the Committee. It is a complex subject. My purpose is to help ensure, to the extent possible, that the debate we have in this House is informed by what the Committee has actually recommended and why. I would of course be happy to make any further clarifications or explanations that Members may request.

68. But we should step back and look at the bigger picture – at what we are trying to achieve.

69. Singapore has progressed to where we are today, due to a committed Government made up of capable, honest leaders, working in concerted effort with our people.

70. While we may have different views or suggestions on how to achieve this, I believe that we are all united in wanting to have in place a framework that will help ensure that Singapore continues to have capable and committed leadership not just for today, but for the long term.

71. This Debate is important because it is part of the open and transparent process that we have engaged in over the years to try to determine political salaries in Singapore. Ultimately, the technical details are not the most important points of debate. Instead, what is most critical, is the emphasis that Singaporeans place on having a system that will help us to bring in a steady stream of the most committed and able people to ensure the future of Singapore and Singaporeans.

72. This Government and this House have been grappling with this issue for some three decades. On the one hand, we are clear that political service is first and foremost about service to the people. We all agree on that. But we also need to have salaries at a level that will not deter able persons from devoting the prime of their lives to political office, so that we can maximize the pool of people whom we can draw on to form the future leadership for Singapore. Sir, there is no perfectly “right answer” to this complex issue. It is ultimately a judgement call.

73. The Committee has deliberated deeply and consulted many. They have exercised their collective judgement to put forward recommendations for the long-term good of Singapore. Their recommendations strike a balance between the ethos of public service with an appropriate salary. The Government accepts their collective judgement.

74. The framework will have to be re-examined from time to time to assess whether it remains appropriate, and whether there are improvements that should be made. The Government accepts the recommendation of the Committee for regular reviews to be carried out by a Committee appointed by the Prime Minister every five years to ensure that the framework remains relevant.

75. More important than the actual numbers arrived at by the Committee are the key principles that the Committee has distilled from its long deliberations. The Committee has re-affirmed the key principles underlying how salaries for Singapore's political leaders should be determined: competitive salaries so that people of the right calibre are not deterred from stepping forward to lead the country; maintaining the ethos of political service which entails making sacrifices and hence providing for a discount in the pay formula; and a "clean wage" with no hidden perks.

76. I hope that Members of this House, and Singaporeans in general, will accept the recommendations of the Committee.

77. Let me end by placing on record, the Government's appreciation to the Committee for its hard work in this important area of political salaries.

78. Mr Speaker, Sir, I would now like to call upon this House to endorse these recommendations on “Salaries for A Capable and Committed Government” as the basis for setting salaries for those holding political office. I look forward to hearing the views of honourable Members regarding the proposed changes. Sir, I beg to move. Question proposed.