

Use of local benchmarks is appropriate, observers say It better reflects the 'opportunity cost' of accepting political appointments

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While the debate will rage on over how deep the cuts in ministers' salaries should be, the fresh benchmark that takes into account unemployment and income disparity, and the thorough review, has won praise from some observers.

'They went from being very well paid to well paid,' said Song Seng Wun, head of research at CIMB, referring to the ministers.

'The committee has done a clever job in coming up with components and measurements that are generally consistent and straightforward.'

In a statement, the Singapore Democratic Party said the recommendations were 'nowhere close to levels that Singaporeans expect', noting that a junior minister's salary is higher than US President Barack Obama's basic pay.

'Nevertheless, we see these measures as a first step towards further revisions that should aim to bring Singapore's political salaries in line with international levels for such salaries,' it added.

But others painted a fuller picture of Singapore's constraints that they say make a global comparison of ministerial pay difficult.

Hay Group pointed to the different pay philosophy in the United States, Europe and other countries.

'In the West, individuals enter politics after they have accumulated sufficient success and wealth,' said Andrew How, managing director of Hay group in Singapore.

'In Singapore, factoring in the talent shortage, the use of local benchmarks will be more appropriate as this better reflects the 'opportunity cost' of accepting political appointments.'

Another point of debate will be the level of transparency that this round of review - which is expected to be done every five years - brought about. The exact pay of most ministers remains undisclosed.

'Perhaps the government should reveal the actual pay each year for the individual ministers,' said Eugene Tan, assistant law professor at Singapore Management University.

'But it is important not to micro-manage how the PM runs his Cabinet since accountability will be assessed at the ballot box.'

CIMB's Mr Song said: '(With the salaries) being paid out from taxes and fees collected from businesses and households, there should be greater transparency (on ministerial pay). These are possible issues that can come up for review.'

Based on Towers Watson's research, Prime Minister Lee Hsien Loong's recommended revised salary of \$2.2 million matches the median of the annual total cash compensation of the CEOs of the 50 largest companies listed here.

'However, we note that most CEOs have a long-term incentive element in addition to their annual pay to encourage them to drive long-term performance of their company,' said Kevin Ong, director of executive compensation in South East Asia at Towers Watson.

'Benchmarks, whether or not from the private sector or other countries' public service, would simply serve as references and guidelines. What is key would be the philosophy and principles behind the numbers, taking into account the unique situation Singapore is in.'

Gillian Koh, senior research fellow at the Institute of Policy Studies, said the benchmark of the median salary of the top 1,000 Singapore earners is 'immediately accessible as a concept to the public'.

'The 40 per cent discount is a clear signal of the demand of sacrifice, although it would really take a special cut of man or woman who would want to take on the multi-faceted 24/7 job of being a minister and demonstrate that he or she does it 'sacrificially'.'

Observers add that the obsession with GDP growth may ease, given that other socio-economic indicators will now be factored into the national bonus for ministers.

'The indicators are a really clear response to public desire to see political leaders focus more directly on the socio-economic progress of the man in the street,' said Dr Koh.

'Policymakers can no longer rely on the 'trickle-down' effect of headline economic growth to bring about social development but we will see, in policy, direct and active intervention to lift the country up from the bottom.'

The Workers' Party said it is studying the committee's proposals.