

Meeting that second bottom line

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IN THE Government's revisions to its remuneration systems for civil servants and political appointment holders, the most significant change is the increase in the variable portion of the salaries of public service leaders and ministers.

It will take into account a GDP (Gross Domestic Product) Bonus, which increases to three months from two if the economy grows by 5 per cent and to a maximum of eight months if it grows by 10 per cent or more; there will be no bonus if the economy only grows by 2 per cent or less.

The other component is the Performance Bonus based on the Prime Minister's appraisal, which will increase by two months to a new and high norm of seven months. As a rough gauge, 47 per cent of their annual package will be variable as opposed to 34 per cent before revision.

This variable portion will help to address one set of concerns about pegging salaries to the top earners in the country, that such salaries seem to be recession-proof (since they are pegged to some of the highest wage earners in six chosen professions) and that officers and appointment-holders do not face the stringent discipline of the market day in and day out as people in the private sector do.

Because of this, the Government has, at times, had to declare a wage freeze on itself because it recognises that these issues are not just about what is rational. It's political.

Suspending the system has been an instrument this political leadership has used to build trust and establish its moral authority to persuade workers to make sacrifices and help cut business costs in times of economic downturn. It is viewed as being "fair" that wages of public servants and ministers go up when the economy does well, and then, with some lag, wages go down when there is a recession.

Now that the salary system has been tweaked to mark this more tightly, the Government would do well to stick to it consistently and refrain from abandoning it to make a political point in times of recession. Otherwise, detractors will say it makes a mockery of the system.

The Performance Bonus — the larger component of the two and now extended to the order of seven months' pay — is clearly the most discretionary portion of the salary structure.

Questions are often raised, firstly, as to the system and criteria for establishing good performance; secondly, as to whether the assessors will be fair and detached in making their judgments; and finally, that in the business of governance, whether it is really possible to disaggregate the contributions of one person from the other in the knowledge and management work that these public sector leaders do.

While the Government has been open and transparent in this review exercise, there are other aspects that would have benefited from a little more elaboration.

While the contributions of public officers are not always visible to the public eye, is it always possible to attribute any one great idea or policy initiative to one personality or even one Government division? The efforts through the whole "value chain" of officers that

take an initiative from the problem identification stage to the research and consultation stage right through to the decision-making and execution stage will need to be recognised and done so equitably.

In all this, one should recognise the public's role in governance, either in offering useful input in the policy development stage or even in the implementation and compliance stage. Some may argue that all citizens are the beneficiaries of more thoughtful, rationalised policy, but how about due recognition for those who do offer their input as "active citizens", as intellectuals, as civic activists, or non-state institutions further up the chain?

I hope these groups will continue to feel engaged and be acknowledged for their contributions to the collaborative, corporate endeavour of bringing about good governance, growth and social development in Singapore, and that it will not be that some of them begin to switch off and say: "Let those who draw the 'market rate' salaries earn them!"

This talk of GDP growth also begs the question of what will truly be the governance challenges in Singapore over the next decade. There are the oft-heard issues of the ageing population and its attendant social costs, the widening income gap, and the challenge in preventing the development of an underclass.

I wager that the big story in governance here and anywhere in the developed world will not only be how to achieve growth, but growth with equity; how to maintain social cohesion as globalisation churns through economies with greater force and velocity.

In Singapore, the Government anticipates, nay, invites change. It argues that the best way to take care of poverty is to provide growth. In an interview last month, Deputy Prime Minister Wong

Kan Seng let on that the Government is planning how to grow the economy by 6 per cent each year. To sustain this, he said, 87,300 people will have to be added to the workforce each year, of which almost 40 per cent will have to come from foreign sources, and 14 per cent from new citizens.

Clearly, this will build up a critical mass of talent and Singapore will be a thriving global city, alongside the trade-offs of having a greater foreign population among us. The upper limits of private sector salaries, to which public sector leaders' wages are pegged, will grow exponentially.

By then, I think it will be important for the Government to prove that it has not only helped achieve the 6 per cent growth target but also improved the general well-being of Singaporeans and its Permanent Residents directly through new jobs created, better wages and increased quality of life — not because state transfers, and rebates or even philanthropy have increased.

The challenge for our public sector leaders and ministers will be to make the economy work for as many as those who wish to work — a second bottom-line. There will be no better way to tell if that has happened than if the least among us (excluding those who just cannot work or are too old to work) also see their lot in life improving here because they enjoy full economic citizenship in the growing pie. That would certainly be the next chapter in the success story that is Singapore, the Nation.

Now let's set a benchmark for that!

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