

MPs' allowance to be cut by 3%

This comes mainly from taking away bonus pegged to GDP growth

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Member of Parliament should receive a minor 3 per cent reduction in their allowance, said the Committee to Review Ministerial Salaries yesterday.

This will come mainly from taking away a bonus pegged to gross domestic product (GDP) growth, as MPs do not play an executive role in governance, the committee said.

This bonus, capped at two months, is given out when GDP growth is above 2 per cent. Its removal will bring MPs' allowance down by \$6,700 to \$192,500 a year. This works out to an allowance of \$16,041 a month. The small adjustment, compared with the cuts ministers will take, is because the committee believes that the current level of MP allowance is 'roughly correct'.

Speaking at a press conference yesterday, committee chairman Gerard Ee said that there is 'quite a lot of outlay for an MP carrying out constituency work'.

'As you know, every week they have the Meet-the-People session. After which they take all the helpers out for supper. (Then there are) all the events from Lantern Festival to Deepavali to Hari Raya, everything they always have to make a contribution, plus a whole lot of things.

'Apart from their attendance in Parliament, we appreciate that there's quite a substantial outlay for them in order to be effective at the constituency level,' he said. 'And we felt \$192,500 is reasonable.'

Non-Constituency MPs and Nominated MPs will continue to receive 15 per cent of MPs' allowances. This works out to a 4 per cent reduction in their allowances, to \$28,900 a year.

MPs contacted yesterday expressed surprise that the cut in allowance was not bigger, and were happy to forgo the GDP Bonus.

'Most of our work is in the constituency, so we don't have a direct role in national policies,' said Tampines GRC MP Baey Yam Keng.

'I can accept that the National Bonus doesn't go to MPs. The personal bonus would be the votes that residents give us, that would be the best.'

Sembawang GRC MP Vikram Nair said: 'It wasn't as deep as what I had in mind... But MPs' allowances overall are smaller than in other countries, because we don't have expense accounts or housing allowances.'

MPs said that a large portion of their allowance goes to party contributions and constituency priorities anyway. They also have day jobs and do not depend on their allowance for income, they said.

'To be frank, I don't know how much they pay me,' said Nee Soon GRC MP Lee Bee Wah. 'They deduct contributions to party and some other expenses and then bank in an amount every month.'

People's Action Party MPs are required to give about a tenth of their monthly allowance to party use. Officeholders and ministers give a larger proportion, of close to half, according to MPs.

MPs also put a substantial proportion of their allowance into 'facilitating community-building', as Nee Soon GRC MP Muhammad Faishal Ibrahim called it.

'Whenever we are approached by various organisations, we do our fair bit to support them as long as it is a good cause. In the constituency, if they need money, for example to sponsor prizes, we would normally do that,' noted Ms Lee.

Ang Mo Kio GRC MP Inderjit Singh said that his contributions to organisations and annual dinners for grassroots leaders add up to tens of thousands of dollars each year.

Buying supper for branch activists after a late-night Meet-the-People session, or kick-starting fund-raising with a contribution of their own is par for the course, MPs said.

Chua Chu Kang GRC MP Alex Yam gave \$12,000 to his Yew Tee ward's community development welfare fund last month to 'get the ball rolling'. In the same month, he donated \$8,000 to the building fund of one of the neighbourhood schools.

'We don't aim to shout about it,' he said. 'We want to help our residents to the best of our abilities and sometimes it involves monetary contributions.'

Taking stock of changes

'I think all Singaporeans expect the political leadership to be of outstanding calibre. This cut is quite substantial and some of us have some fear: What will be the impact? We all hope that... there will be people who view the importance of stepping forward and providing this service... to the nation, and salary is not the only consideration.'

Mr Wong Ngit Liong, committee member and chairman and CEO of Venture Corporation

'There is a significant cut and we've seen from the last general election that we could hardly get anyone from the private sector. So it's going to be a challenge and the emphasis is now going to be how strong is your calling to want to come and serve the nation.'

Mr John de Payva, committee member and former president of the National Trades Union Congress

'The President's salary at \$1.4 million would reflect the duty of his office and the job scope that he performs.'

Mr Po'ad Shaik Abu Bakar Mattar, committee member and member of the Council of Presidential Advisers and Public Service Commission

'After the last election, there was much feedback on the issue of ministerial pay and, therefore, this committee was formed... The new system is a transparent system, easy to understand and they should be able to continue to attract good talent.'

*Mr George Quek, committee member and founder and chairman of BreadTalk Group
(Mr Quek spoke in Mandarin and Mr Stephen Lee translated)*

'Why did they choose 1,000 of the top earners? Why not 2,000 or more? How did they pull out the number? Technically, the new formula is still somewhat elitist and extreme.'

RDS managing consultant Peter Lee

'The indicators for the National Bonus are really a good response to public desire to see political leaders focus more directly on the socio-economic progress of the man in the street... They can no longer rely on the 'trickle down' effect of headline economic growth, but we will see in policy, direct and active intervention to lift the country up from the bottom.'

Dr Gillian Koh, Institute of Policy Studies

'It is disappointing that our ministers' salaries are still pegged to the top earners instead of the general wage levels. It sends the message that our ministers are in the same boat as the top earners and not with the average person. It rewards the ministers more as income inequality increases and top earners get a larger and larger share of the economic pie... While the review has produced a steeper discount, there has been no change in the philosophy of the wage structure. The Chinese saying 'huan tang bu huan yao', which translates as 'changed the soup but not the medicine', comes to mind.

National Solidarity Party's statement

'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. It might be good to include a long-term pay component tied to multi-year performance/contributions of the political appointment. After all, some of these contributions would take time to bear fruit.'

*Mr Kevin Ong, director of executive compensation for South-east Asia
at human resource consultancy Towers Watson*