



Press Release

Civil Servants to Get 2-Month Year-end Payment

The Singapore economy has recovered strongly and expanded by 17.9% in the first half of 2010. The Ministry of Trade and Industry (MTI) has forecasted the 2010 GDP growth at around 15%.

In view of the strong economic recovery, civil servants will receive a total year-end variable payment amounting to two months. This comprises the Annual Variable Component (AVC) of one month and a Non-Pensionable Annual Allowance (NPAA), also known as the 13th month payment, of one month.

Civil servants received a mid-year AVC of 0.5 month and a one-off dollar quantum of \$300 in July. Together with the year-end payment, the total variable payment for 2010 will be 2.5 months and \$300.

In March 2011, eligible civil servants will be paid a Special Variable Payment (SVP). The SVP, formerly known as Growth Bonus, is payable when there is exceptionally good economic growth, and the quantum varies depending on individual performance. In March 2011, good performers will receive one month of SVP and better performers will receive more, up to 1.6 months, while poor performers will not receive any SVP.

Salary adjustments for Administrative Officers, Political, Judicial and Statutory Appointment Holders continue to be put on hold

Despite the strong economic recovery in 2010, the Government has decided to again defer the salary adjustments for Administrative Officers, Political, Judicial and Statutory Appointment Holders. This is in view of the reduction in the private sector benchmarks this year. There is currently adequate flexibility in the salary structure to allow salaries to rise and fall in line with economic growth. The Government will monitor the economic growth and movement of the benchmarks before making any subsequent decision on when to implement the salary adjustment.

The third and last phase of the salary adjustments was due in January 2009, but has been deferred twice since then. The first two adjustments were made in April 2007 and January 2008.

Commenting on the year-end payment, Mr Teo Chee Hean, Deputy Prime Minister and Minister in charge of the Civil Service, said: "Civil servants accepted a wage reduction during the difficult economic times and worked hard to help turn the economy around quickly.

"The year-end payment and Special Variable Payment to be paid in March next year recognise the contribution of our civil servants in helping Singapore recover from one of its worst recessions.

"To ensure that Singapore can continue to grow, we will have to work even harder to raise productivity and find new ways of expanding the economy," DPM Teo added.

Appendix 1 - Annual Salaries for MR4 and SR9 for 2009 - 2010

Appendix 2 - Tables on the YA2010 Benchmarks

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Annual Salaries for MR4 and SR9 for 2009 – 2010

Actual Annual Package¹	MR4 [% of Benchmark]	SR9 [% of Benchmark]
2009	\$1,494,700 [57% of YA2009 benchmark (with imputed pension)]	\$338,100 [81% of YA2009 benchmark]
2010	\$1,583,900 [67% of YA2010 benchmark (with imputed pension)]	\$365,000 [94% of YA2010 benchmark]

¹ These are actual salaries paid in 2009 and 2010.

Median Salaries of Top 48 Earners in the 6 Professions (M48) and MR4 Benchmark

	YA2010² (\$ mil)	% Increase over YA2009³
M48	3.90	-9%
MR4 Benchmark (2/3M48)	2.60	

Median Salaries of the Top 8 Earners in the 6 Professions in the MR4 Benchmark

Profession/Sector	YA2010 (\$ mil)	% Increase over YA2009
Banker	5.40	-13%
MNC	5.21	16%
Lawyer	4.65	-16%
Accountant	3.19	-13%
Local Manufacturer	2.60	18%
Engineer	1.25	-3%

Income of the 15th Top Earner Aged 32 in the 6 Professions – Superscale Grade (SR9) Benchmark

	YA2010 (\$)	% Increase over YA2009
SR9 benchmark (15P32)	387,100	-8%

² This is based on income tax data for Year of Assessment (YA) 2010, i.e. for income earned in 2009.

³ This is based on income tax data for Year of Assessment (YA) 2009, i.e. for income earned in 2008. The median income for the top 48 earners in YA2009 was \$4.29 million, with the MR4 benchmark at \$2.86 million.

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.