

SPEECH BY MR TEO CHEE HEAN, MINISTER IN-CHARGE OF THE CIVIL SERVICE AT THE COMMITTEE OF SUPPLY, 2 MARCH 2007

1 I fully agree that an effective Public Service is crucial to the implementation of the vision and plans set forth in the budget speech for a first class city and a first-class country. Building a first-class Public Service remains a high priority of this Government. A good Public Service plays a key role in a country's stability and economic development. In the latest Comparative Country Risk Report just published by Political and Economic Risk Consultancy (PERC), the quality of the public service is one of the key factors. Singapore was rated best among the 14 countries on Quality of the Civil Service, Quality of Government Policies, Effectiveness of the Government in Implementing Economic Policies, and Freedom from Corruption. This is a strong testimony of the quality and the reputation of our Public Service.

Civil Service Must Remain Competitive

3 To maintain the quality of the Civil Service, we must continue to attract and retain a fair share of talent. Members have asked what is being done to retain talent in the public sector in a tightening labour market. The Civil Service is beginning to feel the impact of this tightening labour market. Our resignation rates have increased, from an average of 4.8% in 2005 to 5.7% in 2006. Some segments of the Service are experiencing much higher attrition. For example, in the Management Executive Service, which is for graduate officers employed across a number of ministries, the resignation rate has risen from 7.4% in 2005 to 10.6% in 2006. The attrition rate is highest at the entry level grade at 25%. In several services even though attrition rates are not yet high, there is evidence that the market has become much tighter. We should not wait till these services are bleeding badly before we move to maintain competitiveness.

4 The Civil Service has to remain an attractive career option for good calibre people. As private sector wages rise, the wages of civil servants cannot remain stagnant. We do not aim to lead the private sector salaries, but we must keep pace. If we are not responsive, we will lose our ability to recruit and keep able people. This will do great

harm to Singapore as we would have lost one key advantage over other countries – a clean, competent and effective Civil Service.

5 On how we benchmark Civil Service pay, each scheme of service is benchmarked to its equivalent in the private sector. For example, the salaries of accountants and lawyers in the private sector serve as benchmarks for the same professions in the Civil Service. If there are no directly equivalent jobs, we look at jobs in the private sector that are held by employees who have similar types of backgrounds and educational qualifications, for example, graduates, or diploma holders. The salary comparisons are based on the total annual salaries, which include all annual and performance related components. There are no other additional components.

6 The last major salary revision for the Civil Service was in 2000. Since then, we have reviewed and made adjustments to specific schemes that have fallen behind their market benchmarks, and to improve their career structure to make them more competitive. For example, last September, the Education Service revised its starting salaries, added promotional grades and increased the retention

payments for teachers. Such recently reviewed schemes of service are not too far from their private sector benchmarks.

7 Nevertheless some services have fallen significantly behind the private sector, especially in the last two years. An example is the Administrative Service, which is the key service from which most top public sector leaders are drawn. Administrative Service salaries have not been reviewed since the year 2000. Nor have salaries for the political, judicial and statutory appointment holders, which are pegged to the Administrative Service salary structure.

Salary Review – Salary Revisions Will Not Be Uniform, Some Schemes to Get More

Link Salary Increases to Performance

8 We must ensure that public sector salaries stay competitive. Hence the Government is currently reviewing public sector salaries. We expect to announce the revisions in April. Unlike the last round in 2000, there will not be a uniform, across-the-board large revision.

Those services which are lagging significantly behind the market are likely to receive larger adjustments while those which are closer will receive smaller adjustments. We will not just be adjusting salaries, but taking the opportunity to bring salary structures more in line with our philosophy of linking pay to performance. I would like to see as much as possible of the revisions paid in the form of performance-related components. This way, we reward deserving civil servants and sustain a high-performance culture in the Civil Service.

Talent Development

9 Besides paying competitive salaries, the Civil Service also develops our officers for higher levels of contribution. We welcome new ideas on how we can do this better.

10 Graduates, including scholars, who join the Service do a variety of jobs which put them in direct contact with citizens, customers and businesses. Examples include negotiating a free trade agreement, counselling a juvenile delinquent, handling a criminal investigation or mediating a labour dispute. These are real jobs where they meet

people and have to solve problems together with citizens. Officers who handle policy work are expected to pay attention to ground concerns and involve themselves in the implementation and delivery of the policies. Many ministries have a job rotation system to give officers a rounded experience.

11 All Administrative officers undergo an attachment programme to grassroots organisations to better appreciate the issues and needs of ordinary Singaporeans. But the experience and expertise are not confined to attachments. Officers in the Administrative Service could be seconded to statutory boards, Community Development Councils, NTUC and even the private sector.

Improving Public Services All The Time

12 The Public Service recognizes that there is always room for improvement in policies, systems and processes to be more citizen-focused and customer-centric. Let me give some examples.

13 In 2000, the Public Service established a Pro-Enterprise Panel to identify and review rules that pose unnecessary constraints and costs to businesses. Two thirds of the panel's members are from the private sector. We draw in private sector expertise to help us do things better. The panel has made headway in getting public agencies to change their rules for the better. The PERC report has also rated Singapore best in resolving red tape issues.

14 I have not watched Jack Neo's movie "Just Follow Law", but I have enjoyed some of his earlier movies. I like Jack Neo's movies because they make us look at ourselves - own attitudes and behaviour towards others. If this movie helps Singaporeans and public servants to be more self-aware and improve themselves that would be good. But of course, when you watch the movie, do remember to enjoy yourself, after all it is meant to entertain, and one can expect it to exaggerate for effect.

15 Nevertheless, the Public Service recognizes that there are always rules that can be improved or need to be changed. Since

2002, all public agencies are required to review their existing rules every 5 years, including regulatory issues that cut across agencies.

16 I agree that ultimately, it is not just rules but people who implement the rules that matter. The Service has therefore put in much effort to educate public officers to adopt the right mindset. Officers are required to attend the Cut Red Tape workshop at the Civil Service College, where they learn to understand that what matters is the intent and spirit of the rules, rather than merely rigid implementation per se. But I will be the first to admit that we have some way to go yet.

Conclusion

17 Sir, we have a first class Public Service that is the envy of many other countries. We should not be afraid to criticize it and should feel free to make suggestions to improve it. After all, this is our Public Service. But we should also be proud of it and give credit where credit is due. Our civil servants are human too, and a simple thank you from time to time will, I am sure, be appreciated and motivate them to do their jobs even better.

18 We will strive to upgrade the Service's capability and quality to move it to a higher league. We will improve processes, service delivery and our ability to anticipate and respond to changes and opportunities. But most importantly, the Service must remain attractive to high calibre people. We must pay competitive wages and provide challenging careers for those who join us. With this, we will be better placed to achieve our vision for Singapore to become a world class city state. Thank you.