# 2026 REVIEW OF SALARIES FOR POLITICAL APPOINTMENT HOLDERS AND MEMBERS OF PARLIAMENT

**20 APRIL 2026**

**Contents**

## EXECUTIVE SUMMARY

In December 2025, the Prime Minister appointed an independent review committee to recommend appropriate salaries and allowances for political appointment holders and Members of Parliament (MPs), which have remained unchanged since 2011. The review builds on the framework set out by the 2012 Committee and re-affirmed by the 2017 Committee. The Government of the day had accepted the 2017 Committee's report but held off changes due to the changing economic conditions and outlook then.

This report sets out the 2026 Committee's deliberations and covers recommendations on the packages for political appointment holders, President, Speaker, Deputy Speaker, and MPs. After extensive discussions and triangulating across multiple datapoints, the Committee concluded that the framework remains sound, and proposed recommendations to update for today's context and strengthen alignment of the National Bonus with socioeconomic progress of Singaporeans.

### Key Principles Affirmed

The Committee re-affirms the key principles of the political salary framework after extensive deliberation and consideration of multiple datapoints. Salaries should take reference from the market to ensure that individuals of the right calibre are not deterred from stepping forward to lead the country, have an explicit discount to reflect the ethos of political service, be transparent, and linked to individual performance and national outcomes. The Committee referenced a wide range of comparator information and data to determine the reasonableness of the resulting reference norm annual salary.

### Key Recommendations

#### ***Update Reference Norm Annual Salary***

We recommend updating the Minister at MR4 grade (herein referred to as "MR4 Minister") reference norm annual salary in line with the established MR4 Minister benchmark set at the median income of the top 1,000 Singapore Citizen earners, with a 40% discount for the ethos of political service. The latest MR4 Minister benchmark of $1,800,000 represents an average 3.6% annual growth rate since 2011, compared to the annual growth rate of 4.3% for the median (P50) Singaporean earner and 4.6% for a lower-income (P20) Singaporean earner over the same period. We also triangulated the benchmark figure with multiple datapoints across the private and public sectors, including publicly funded institutions, and concluded that it is fair for the profile of high-calibre Singaporeans we want to bring in as Ministers.

We recognise that updating to the latest MR4 Minister benchmark will mean a substantial adjustment from the current norm salary, because the norm has not been adjusted since 2011. Should the Government choose to implement the adjustment in a phased approach, we urge the Government to do so in a timely manner.

***Widen Monthly Salary Range to Cater for Diversity***

We recommend retaining the existing salary structure of fixed and variable pay components, while widening the monthly salary range to provide flexibility to cater for more diverse talent and wider political representation. We recommend widening the salary range to 75% - 125% of the reference norm salary for the MR4 Minister, consistent with market practice where ranges are generally wider. Based on this recommendation, the norm annual salary for an MR4 Minister would range from $1,350,000 to $2,250,000, which translates to a monthly salary range of $67,500 to $112,500. This gives the Prime Minister the flexibility to offer a salary lower or higher than the reference norm annual salary to a new Minister, to cater for more diverse talent.

We also recommend widening the salary ranges for all other grades, and streamlining the grades for simplicity. We recommend merging (i) Ministerial grades MR2 and MR3; and (ii) the grades for Mayor, Senior Parliamentary Secretary and Parliamentary Secretary. For the merged grade catering for Mayor, Senior Parliamentary Secretary and Parliamentary Secretary, we recommend a wider range at 70% - 130% of their norm monthly salary to allow for greater diversity.

| Appointment / Grade | Current Range | | Recommended Range | |
|---|---|---|---|---|
| | Minimum | Maximum | Minimum | Maximum |
| MR4 Minister | 85% | 110% | 75% | 125% |
| All other Ministerial grades[1] | 90% | 110% | 75% | 125% |
| Mayor, Senior Parliamentary Secretary, Parliamentary Secretary | 90% | 110% | 70% | 130% |

***Strengthen Alignment of National Bonus with Socioeconomic Progress***

We recommend updating target levels for all four socioeconomic indicators in the National Bonus framework to strengthen alignment with driving progress in

[1] This includes the Deputy Prime Minister, MR1 to MR3 Minister, Senior Minister of State, and Minister of State.

socioeconomic outcomes for Singaporeans, while reflecting changes to Singapore's economic conditions as a maturing economy.

| Target Levels for 100% payout | Unemployment rate of Singapore Citizens | Real Income Growth rate for P50 of Singapore Citizens | Real Income Growth Rate for P20 of Singapore Citizens | Real GDP Growth rate |
|---|---|---|---|---|
| Current[2] | 4% - <4.5% | 2% - <3% | 2% - <3% | 3% - <5% |
| Recommended | 3% - <3.5% | 2.5% - <3.5% | 3% - <4% | 2% - <4% |

We also recommend for the Government to study the development of a suitable indicator that can measure quality of life and social progress, and to incorporate it within the framework when it becomes available. Such an indicator will have to be sufficiently robust, objective, and regularly available as a sustained measure over time.

***Future Reviews and Salary Adjustments***

To ensure the relevance of the MR4 Minister reference norm annual salary, we recommend for the Prime Minister to appoint an independent committee to undertake periodic reviews of the salary framework every five years. This ensures that the reference norm annual salaries and framework are updated in a timely manner in response to changing market and socioeconomic conditions. This does not mean that salaries of political appointment holders must remain the same till the next review. In the intervening periods, the Government may adjust salaries of appointment holders within the recommended salary ranges.

***President, Speaker, and Deputy Speaker***

The President's salary is pegged to the reference norm monthly salary of the Prime Minister. The Speaker's salary is pegged to 50% of MR4 Minister reference norm annual salary, and the Deputy Speaker's allowance is pegged to 15% of the Speaker's salary. We recommend adjusting the packages of the President, Speaker, and Deputy Speaker in line with the current pegs.

Beyond this round of adjustments, we recommend for the Government to study the peg for Speaker and Deputy Speaker, taking into account an updated understanding

[2] The current target levels were established in the 2012 White Paper on *Salaries for a Capable and Committed Government*.

of their roles and responsibilities which may have evolved over time. In addition, it would be useful to consider whether the peg for Speaker and Deputy Speaker might be better aligned with the formulation for President's monthly salary, which is pegged to a factor of the MR4 Minister reference norm monthly salary.

***Members of Parliament***

The Committee is of the view that the considerations for the level of MP allowance may differ from that of Ministerial pay and recommends for the Government to study establishing a basis for payment of community-related roles such as MPs and Mayors that is separate from the MR4 Minister benchmark. As an immediate first step, the Committee recommends delinking the MP allowance from the MR4 Minister benchmark and updating the MP allowance for inflation, considering that expenses incurred for carrying out their roles would have risen since 2011. This would mean adjusting the MP monthly allowance from $13,750 to $18,500, and the MP annual allowance from $192,500 to $259,000. We note the practice to accord the Leader of the Opposition (LO) double the allowance of an elected MP.

We recommend retaining the current peg for Nominated MP (NMP) allowances at 15% of the MP's allowance. For the Non-Constituency MP (NCMP), we recommend doubling the peg from 15% to 30% of an MP's allowance, in recognition of the larger legislative role accorded to NCMPs since 2017.

**Conclusion**

The Committee's recommendations provide a balanced framework that aims to enable leaders with the right calibre and ethos to step forward to lead Singapore, and build together with its people, a thriving and united nation for the next generation.

## SECTION A: INTRODUCTION

The current salary framework for political salaries was established by an independent review committee in 2012 and set out in the White Paper “Salaries for a Capable and Committed Government”. The recommendations were endorsed by Parliament and implemented retrospectively from 21 May 2011, the date when the 15th Cabinet of Singapore took office.

2. One of the 2012 Committee’s recommendations was for the Government to regularly appoint an independent review committee to ensure the continued relevance of the salary framework. The last review was convened in 2017, and the Committee’s recommendations are in the report “2017 Review of Salaries for President, Prime Minister, Speaker, Deputy Speaker, Political Appointment Holders and Members of Parliament”. The 2017 Committee affirmed the framework and recommended changes, including to (i) update the MR4 Minister reference norm annual salary in line with the benchmark; (ii) lower the minimum point of the MR4 Minister salary range; (iii) adjust the target levels for indicators in the National Bonus matrix; and (iv) increase the NCMP allowance.

3. The Government of the day accepted the 2017 Committee’s report but held off changes due to the economic conditions and outlook then. The Government deferred the following review as there were other pressing issues to deal with then, such as the uncertain global geopolitical situation and downside risks in the global economy. Thus, the salary structure and reference norm salary level have remained unchanged for almost 15 years since 2011.

4. In December 2025, the Prime Minister appointed an independent review committee to recommend the appropriate level of salaries building on the current salary framework, and where necessary, to propose refinements so that the implementation of the framework will remain relevant and able to meet its intended purpose. The composition and terms of reference for the Committee are in <u>Annex A</u>.

5. The Committee reviewed a wide range of information and data to assess the reasonableness of the benchmark and to formulate its recommendations. The Committee engaged Mercer (Singapore) Pte Ltd, a leading global provider of human resource consulting services and an international expert on remuneration issues, to provide data on pay levels, pay design and pay practices to complement other public datasets.

6. This report presents the Committee’s recommendations on the packages of political appointment holders, President, Speaker, Deputy Speaker and MPs.

## SECTION B: RECOMMENDATIONS ON MINISTERS' PACKAGE

### Key Principles – High-Calibre, Public Service Ethos, Transparency and Alignment with Outcomes

7. The current framework was developed by the 2012 Committee and is built on key principles to guide the salary benchmark and its design. First, salaries should reference market-based benchmarks to ensure that individuals of the right calibre are not deterred from stepping forward to lead the country. Second, salaries should reflect the ethos of political service, and hence there should be a discount relative to market-based pay. Third, salaries should be transparent as a "clean wage" with no hidden benefits. Salaries should also be linked to individual performance and collective performance in achieving the socioeconomic progress for Singapore and Singaporeans. The framework was affirmed by the 2017 Committee.

8. The Committee reviewed the existing framework and concluded that it remains broadly relevant. The framework forms the key foundations of a system to build up a sustained political core of the right calibre and values. In this review, the Committee also looked at information and data across multiple sources and sectors to assess the reasonableness of the salary norm based on the framework.

### Total Annual Salary – Update in Line with Principles

9. The current total annual salary of a MR4 Minister is benchmarked to 60% of the median income of the top 1,000 earners who are Singapore Citizens[3]. The top 1,000 Singaporean earners across all professions reflect the calibre of the people Singapore needs for good government, while the 40% discount signifies the ethos of political service.

10. The Committee examined the philosophy behind the benchmark:

   a. Benchmark Pool. Benchmarking to the top 1,000 Singaporean earners reflects the desired talent pool for Ministers. The Committee reviewed the data to affirm that the benchmark pool comprises Singaporeans from a diverse range of industry sectors and professions (see Annex B). It is important to retain this link, to ensure that the salary framework remains fit-for-purpose in not deterring high-calibre Singaporeans to step forward and serve in their prime working years. The Committee considered expanding

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[3] The benchmark looks at Total Employment and Trade income (TEI) of the top 1,000 earners from all professions, i.e. incomes from all employment and trade of the individual, which has been taxed. TEI includes monthly salaries, bonuses, commissions, stock options and partnership income but excludes unearned and passive forms of income, such as dividends, rent and interest.

the benchmark pool but concluded that the top 1,000 earners better reflect the calibre of Singaporeans from whom we should draw our Ministers.

b. Median Income. The benchmark currently refers to the median income of the top 1,000 Singaporean earners. The 2012 Committee had affirmed the shift from using 'average income' to 'median income' of the benchmark pool to make it more stable. The Committee reviewed this and affirmed that the use of 'median income' instead of 'average income' remains more stable and also ensures that the benchmark is not skewed upwards by outliers.

c. Discount Factor. The Committee also reviewed the discount factor, which remains a critical aspect of the benchmark formula that reflects the ethos of political service. We agree with the 2012 Committee that the discount level entails a judgement call as to what would be considered appropriate. We considered other discount rates and found no compelling reasons to adjust the discount rate set by the 2012 Committee.

11. Based on Inland Revenue Authority of Singapore (IRAS) YA2025[4] income data, the benchmark is currently at $1,800,000[5] (i.e., median income of the top 1,000 earners who are Singapore Citizens after a 40% discount), which represents an average growth of 3.6% per year from 2011-2025[6]. More details on the benchmark movement from 2011 to present year are in Annex C.

12. The Committee looked at information and data across multiple sources and sectors to assess the reasonableness of the latest salary benchmark:

a. Does not outpace the income growth of Singapore Citizens at P20 and P50. The MR4 Minister benchmark has grown by 3.6% per annum in nominal terms. This is lower than the nominal income growth of the median (P50) and the 20$^{th}$ percentile (P20) Singaporeans income earners at 4.3% and 4.6% per year respectively over the same period (see Annex D). Even if we were to update the MR4 Minister benchmark purely in pace with inflation every year[7], it would result in a figure of close to $1,500,000 today.

b. Remains prudent relative to income level and growth of other potential comparators. We considered multiple datapoints such as comparators with senior appointments in the private and public sector, including publicly funded institutions. We also reviewed Mercer data on other potential comparator

[4] Year of Assessment (YA) 2025 refers to income earned in 2024.
[5] Rounded from the YA 2025 IRAS salary benchmark data of $1,841,500.
[6] This refers to the compound annual growth rate (CAGR) of the MR4 Minister reference annual salary between YA2011 and YA2025.
[7] Based on an inflation rate averaging 2.1% per year from YA2011 to YA2025.

groups such as the total salary of individuals holding similar-size jobs to MR4 Ministers, and total salary of CEOs at Singapore publicly-traded companies. The MR4 Minister benchmark was found to be fair and not excessive when compared with these comparator groups, which generally came in higher.

13. **Overall, the Committee concluded that the current MR4 Minister benchmark, and its implied total annual salary level, remains relevant and fair.** It strikes a balance between paying market-based salaries to ensure capable Singaporeans are not deterred from stepping forward, while reflecting the ethos of political service. **After studying data across multiple comparator groups, the Committee recommends updating the reference norm annual salary for an MR4 Minister to $1,800,000. This is effectively an annualised growth rate of 3.6% per year from YA2011 to YA2025 and** is below the annualised wage growth experienced by Singaporeans at P20 and P50 over the same period.

14. We recognise that the proposed MR4 Minister norm annual salary at $1,800,000 would be a significant increase from the current norm annual salary given that salaries have not been adjusted since 2011. Should the Government choose to implement the adjustments in a phased approach, we urge the Government to ensure that the benchmark is reached in a timely manner.

**Salary Structure – Retain Fixed:Variable Mix for Transparency and Performance**

15. The total annual salary for a Minister (discussed in the preceding section) is paid out based on a salary structure that comprises the components in Table 1.

Table 1: Salary Components

| Component | Framework |
|---|---|
| **Fixed Components** | |
| Monthly Pay | 12 months |
| Non-Pensionable Annual Allowance (NPAA) | 1-month; commonly known as 13th month bonus or Annual Wage Supplement |
| **Variable Components** | |
| Annual Variable Component (AVC) | Mid-year and year-end payments based on Singapore's economic performance. A typical AVC is 1-month. The AVC is the same number of months that is published annually, and paid out to all civil servants. |
| Performance Bonus | Varies with individual performance and is determined by the Prime Minister. It ranges from 0 to 6 months. Good performers will typically get 3 months. |

| Component | Framework |
|---|---|
| National Bonus | Based on 4 socioeconomic indicators with equal weightage. No bonus is paid if the minimum levels of achievement for the indicators are not met. A bonus of 3 months will be paid if the targets for the four indicators are met. A maximum bonus of 6 months will be paid if targets are far exceeded[8]. |

16. **The Committee assessed that the current salary structure remains relevant. The salary components are clearly defined without any hidden benefits.** There are also direct links to individual performance and national outcomes. Based on the salary structure, the updated reference MR4 Minister monthly salary would be $90,000[9] if the MR4 Minister total annual salary is updated to the current benchmark.

17. We note that the current fixed:variable pay mix is 65:35. While we had contemplated whether to increase the proportion of variable pay to be more aligned with market practice at senior executive levels, we decided against doing so. The higher proportion of variable pay in the private sector is to incentivise top executives to take commercial risks for greater rewards, which may be less applicable for political appointment holders. Having considered this, we recommend retaining the current salary structure for political appointment holders.

**Monthly Salary Range – Widen to Cater for Diversity**

18. Consistent with HR market practice, each grade has a salary range to enable political appointment holders to be appointed on the same grade with differentiated salary points based on their experience and skills. This gives the Prime Minister the flexibility to place new entrants at salary points below the reference norm monthly salary point, and to adjust the salaries of political appointment holders above the reference monthly salary point when necessary. The Prime Minister can reward consistent good performers with increments within the grade.

19. The total annual salary norm is the point from which the respective salary ranges are derived. This is done by first computing the reference monthly salary points for the grade using the 20-month structure at Table 1. The respective minimum and maximum points of the salary ranges are then set at a percentage from the reference monthly salary points. Under the 2012 framework, the minimum point for MR4 Minister grade is set at 85% of the reference monthly salary point, while the minimum points for other grades are set at 90% of the reference monthly salary point. The maximum points of the salary ranges for all political appointment holders with salary ranges are

[8] As there is no one to assess his individual performance, the Prime Minister receives a higher National Bonus in lieu of Performance Bonus.

[9] $1,800,000 divided by 20 months.

currently capped at 110% of the reference monthly salaries. To illustrate, when the MR4 Minister total annual salary is aligned to the current benchmark, the reference monthly salary for an MR4 Minister works out to be a monthly salary of $90,000 ($1,800,000 divided by 20 months). The minimum and maximum monthly salary points for an MR4 Minister would thus be $76,500 and $99,000 respectively.

20. **The Committee recommends widening the salary ranges**. This is consistent with market practice where salary ranges are generally wider than in the current framework. A wider range will provide greater flexibility to cater for diverse talent for wider political representation. The Prime Minister would be able to offer a new Minister a salary lower than the reference norm annual salary where appropriate. The Prime Minister can also offer an individual a salary point at the higher end of the range to moderate the extent of their pay cut as necessary[10].

21. **We recommend expanding the salary ranges as laid out in Table 2 below, to 75% - 125% of the norm monthly salary for MR4 Minister**. The salary range remains prudent relative to market practice. Based on our recommendations, **the minimum and maximum monthly salary for an MR4 Minister (when the total annual salary is aligned to the current benchmark) would be $67,500 and $112,500 respectively.** This amounts to a minimum and maximum annual salary for a MR4 Minister of $1,350,000 to $2,250,000, compared to the reference norm of $1,800,000.

22. **We also recommend widening the salary ranges for all other grades and streamlining the number of grades for simplicity**. **Specifically**, **we recommend merging the (i) Ministerial grades MR2 and MR3; and (ii) grades for Mayor, Senior Parliamentary Secretary and Parliamentary Secretary**. **For the merged grade for the three roles of Mayor, Senior Parliamentary Secretary and Parliamentary Secretary, we recommend a wider salary range of 70% - 130%** of the norm to allow for a greater diversity.

[10] There should be room for the Prime Minister to pursue exceptional candidates with higher existing salaries. This may be done under the current make-up pay system which was introduced in Parliament in 1989. Under this system, the Prime Minister can offer a candidate make-up pay for up to 90% of the difference between the pay of the appointment and the candidate's average pay in the last three years prior to the appointment. The make-up pay may be paid up to one term in office only. After this, the appointment holder will be paid according to his salary grade. Therefore, while there is provision to tamper a significant drop in salary on first-entry, this is not a sustained solution for exceptional candidates. The norm salary framework would still need to be sufficiently robust to attract Singaporeans of the right calibre on a sustained basis.

Table 2: Recommended Salary Ranges

| Appointment / Grade | Current Range | | Recommended Range | |
|---|---|---|---|---|
| | **Minimum** | **Maximum** | **Minimum** | **Maximum** |
| MR4 Minister | 85% | 110% | 75% | 125% |
| All other Ministerial grades[11] | 90% | 110% | 75% | 125% |
| Mayor, Senior Parliamentary Secretary, Parliamentary Secretary | 90% | 110% | 70% | 130% |

23. The total annual salary for each grade in the salary structure is set at a ratio to the MR4 Minister total annual salary. The Committee is satisfied that the ratios remain relevant. For example, we examined the Prime Minister's pay ratio, which is set at twice the MR4 Minister reference norm annual salary. We deemed it to be reasonable compared with what is observed in the private and public sectors.

24. As there is no one to decide on the increments for the Prime Minister, we recommend that the Prime Minister continues to be on a fixed salary point pegged to two times the MR4 Minister reference norm annual salary.

25. **The Committee recommends for the total annual norm salaries for the other political appointment holders to be correspondingly adjusted, in tandem with updates to the MR4 Minister** total annual salary, salary ranges and streamlining of grades. These are set out in Table 3 based on the updated MR4 Minister reference norm annual salary.

Table 3: Recommended Salary

| | Current | | Recommended | |
|---|---|---|---|---|
| **Appointment / Grade** | **Ratios compared with MR4 Minister** | **Total Annual Salary Norm[12] (2011-current)** | **Ratios compared with MR4 Minister** | **Total Annual Salary Norm** |
| Prime Minister | 2.00 | $2,200,000 | 2.00 | $3,600,000 |

[11] This includes the Deputy Prime Minister, MR1 to MR3 Minister, Senior Minister of State, and Minister of State.

[12] Annual Salaries are based on the assumption of an AVC of 1 month, good individual performance and targets for the National Bonus indicators being met. The annual salaries comprise fixed pay of 13 months (monthly salary and 13th month bonus) and variable pay of 7 months (1 month AVC, 3 months Performance Bonus and 3 months National Bonus). PM receives a higher National Bonus in lieu of Performance Bonus (6 months National Bonus if the targets for the indicators are met).

<table>
<tr><th colspan="2"></th><th colspan="2">Current</th><th colspan="2">Recommended</th></tr>
<tr><th colspan="2">Appointment / Grade</th><th>Ratios compared with MR4 Minister</th><th>Total Annual Salary Norm[12] (2011-current)</th><th>Ratios compared with MR4 Minister</th><th>Total Annual Salary Norm</th></tr>
<tr><td colspan="2">Deputy Prime Minister</td><td>1.70</td><td>$1,870,000</td><td>1.70</td><td>$3,060,000</td></tr>
<tr><td rowspan="4">Minister</td><td>MR1</td><td>1.60</td><td>$1,760,000</td><td>1.60</td><td>$2,880,000</td></tr>
<tr><td>MR2</td><td>1.40</td><td>$1,540,000</td><td rowspan="2">1.30</td><td rowspan="2">$2,340,000</td></tr>
<tr><td>MR3</td><td>1.20</td><td>$1,320,000</td></tr>
<tr><td>MR4</td><td>1.00</td><td>$1,100,000</td><td>1.00</td><td>$1,800,000</td></tr>
<tr><td colspan="2">Senior Minister of State</td><td>0.85</td><td>$935,000</td><td>0.85</td><td>$1,530,000</td></tr>
<tr><td colspan="2">Minister of State</td><td>0.70</td><td>$770,000</td><td>0.70</td><td>$1,260,000</td></tr>
<tr><td colspan="2">Mayor</td><td>0.60</td><td>$660,000</td><td rowspan="3">0.45</td><td rowspan="3">$810,000</td></tr>
<tr><td colspan="2">Senior Parliamentary Secretary</td><td>0.52</td><td>$572,000</td></tr>
<tr><td colspan="2">Parliamentary Secretary</td><td>0.38</td><td>$418,000</td></tr>
</table>

**National Bonus – Strengthen Alignment with Socioeconomic Progress**

26. The current National Bonus framework comprises four socioeconomic indicators: (i) Unemployment Rate of Singapore Citizens, (ii) Real Growth Rate of the Income for P50 of Singapore Citizens, (iii) Real Growth Rate of the Income for P20 of Singapore Citizens, and (iv) Real GDP Growth Rate. The four indicators each account for 25% of the National Bonus, which ranges from 0 to 6 months in total. The extent of the attainment of the target levels set for each indicator determines up to a quarter of the payout for each year. Achieving 100% of the target level for all indicators result in a total National Bonus of 3 months.

27. **We have reviewed the relevance of these indicators and recommend retaining all four indicators to more fully capture socioeconomic progress.** Real GDP Growth tracks how well Singapore is growing economically as a country, which remains necessary, but is insufficient. It has to be accompanied by good jobs, and real wage growth for the middle- and lower-income segments of society. This is even more critical in a future where GDP growth itself may not automatically translate to job growth. Taken together, the four indicators track sustainable and inclusive national progress for Singapore and Singaporeans.

Update Target Levels to Provide Better Outcomes

28. The Committee reviewed the existing indicators and concluded that they remain relevant. They reflect citizens' concerns and are robust indicators that are reported on an annual basis and are publicly available, which ensures transparency.

29. **In reviewing the four indicators for National Bonus, the Committee recommends changes to their target levels, to strengthen alignment with the socioeconomic progress of Singapore and Singaporeans**, and reflect the policy intent of the Government:

a. Update Target Levels for Unemployment Rate for Singapore Citizens. **We propose to tighten the target unemployment rate range from "4% - <4.5%" to "3% - <3.5%".** Although a lower unemployment range may be a challenge to sustain given the multiple disruptions ahead, including in digital and trade, applying a tighter target is important to ensure that the Government remains focused on creating good jobs for Singaporeans.

b. Update Target Levels for Real Income Growth Rate for P50 of Singapore Citizens. **We propose to tighten the target real growth rate range from "2% - <3%" to "2.5% - <3.5%".** This will be a stretch target given that the historical average of real median income growth rate has been 2.4% between 2016 and 2025.

c. Update Target Levels for Real Income Growth Rate for P20 of Singapore Citizens. **We propose to tighten the target real income growth rate from "2% - <3%" to "3% - <4%".** This is also a stretch target as the average real income growth rate of the lowest 20$^{th}$ percentile is 3% from 2016 to 2025. The income growth target for P20 is set higher than that for P50, in line with the continued focus on uplifting lower income groups, and with the National Wages Council's recommendations.

d. Update Target Levels for Real GDP Growth Rate. **We propose to update the target range from "3 - 5%" to "2 - 4%".** This considers the moderated GDP growth rates of a maturing economy and ageing population. Over the past ten years, the average real GDP growth rate has been 2.6%[13].

30. The current and recommended National Bonus matrices are appended in Tables 4 and 5.

[13] Computed based on Real GDP Growth figures published in the annual Economic Survey of Singapore.

Table 4: Current National Bonus Matrix

| NB Payout Level | Unemployment rate of Singapore Citizens | Real Income Growth rate for P50 of Singapore Citizens | Real Income Growth Rate for P20 of Singapore Citizens | Real GDP Growth rate |
|---|---|---|---|---|
| 0% | 5% and above | <0.5% | <0.5% | <2% |
| 50% | 4.5% - <5% | 0.5% - <2% | 0.5% - <2% | 2% - <3% |
| 100% | 4% - <4.5% | 2% - <3% | 2% - <3% | 3% - <5% |
| 150% | 3.5% - <4% | 3% - <4% | 3% - <4% | 5% - <7% |
| 200% | <3.5% | 4% and above | 4% and above | 7% and above |

Table 5: Proposed National Bonus Matrix

| NB Payout Level | Unemployment rate of Singapore Citizens | Real Income Growth rate for P50 of Singapore Citizens | Real Income Growth Rate of Lowest 20th Percentile of Singapore Citizens | Real GDP Growth rate |
|---|---|---|---|---|
| 0% | 4% and above | <1% | <2% | <1% |
| 50% | 3.5% - <4% | 1% - <2.5% | 2% - <3% | 1% - <2% |
| 100% | 3% - <3.5% | 2.5% - <3.5% | 3% - <4% | 2% - <4% |
| 150% | 2.5% - <3% | 3.5% - <4.5% | 4% - <5% | 4% - <6% |
| 200% | <2.5% | 4.5% and above | 5% and above | 6% and above |

Other Indicators – Explore Quality of Life Measure

31. In reviewing the National Bonus indicators, the Committee also considered including other indicators to measure quality of life and social progress felt by Singaporeans. However, we note that there is no existing measure that is sufficiently robust, objective, and regularly available to adequately capture this multi-faceted concept. **We recommend for the Government to study the development of such a measure that can be incorporated within the National Bonus framework when it becomes available.**

**One Salary Despite Multiple Appointments**

32. We also recommend retaining the current practice of paying all political appointment holders one salary package as an appointment holder, even if they hold two or more appointments or portfolios.

**Future Reviews and Salary Adjustments**

33. We note that the Government has not made any adjustments to the reference salary levels since the 2012 review. The MR4 Minister reference norm annual salary has thus been maintained at $1,100,000 and is today *significantly* below the benchmark by approximately 40% (see Annex C). Such infrequent updates are not ideal.

34. **Similar to previous committees, this Committee recommends that the Prime Minister appoint an independent committee to undertake reviews of the salary packages every five years.** This ensures that the reference salaries of political appointment holders, and the salary framework are updated in a timely manner in response to changing market and socioeconomic conditions.

35. For avoidance of doubt, this does not mean that salaries of the political appointment holders must remain the same until the next review is undertaken by a committee. In the intervening periods, the Prime Minister may still adjust their salaries based on the prevailing framework. The expanded salary ranges proposed by the Committee would better allow for such adjustments to be reasonably made in between major reviews.

## SECTION C: RECOMMENDATIONS ON THE PRESIDENT'S, SPEAKER'S AND DEPUTY SPEAKER'S PACKAGE[14]

**President's Package**

36. As the Head of State, the President performs important constitutional, ceremonial and community roles. The President has significant custodial powers in terms of protecting the reserves and approving appointments of key personnel in the Public Service. Under the current framework, the monthly salary of the President is set equal to the reference norm monthly salary of the Prime Minister. The President's annual package comprises a monthly salary, 13$^{th}$ month bonus and AVC, but excludes Performance Bonus and National Bonus. This considers that the President does not set national policies and does not have direct executive responsibility for governing the country, except if it relates to his custodial role. **The Committee proposes to retain this pegging to the monthly salary, and the annual salary of the President should thus be $2,520,000[15] (assuming 1-month AVC) with the proposed**

[14] Figures presented in the succeeding paragraphs assume that the MR4 Minister reference norm annual salary has been aligned to current benchmarks.
[15] The recommended reference monthly salary of the Prime Minister is $180,000, which is the same as the President. The President's annual salary, assuming 1-month AVC, will be $180,000 x 14 months = $2,520,000.

**updated MR4 Minister norm.** This amounts to 70% of the reference norm annual salary of the Prime Minister.

**Speaker's and Deputy Speaker's Package**

37. The Speaker oversees the proceedings and enforces the rules of Parliament to ensure the smooth and orderly conduct of Parliamentary business. Other than being the presiding officer of Parliament, the Speaker is also the representative of the Parliament in relations with other Parliaments, external bodies and visiting dignitaries, as well as the head of administration of Parliament and its Secretariat. The Deputy Speaker covers the functions of the Speaker when he/she is not available.

38. The current salary of a Speaker, if it were a full-time post, is pegged to the MR4 reference norm salary on annual terms, on a 14-month package. As it is a part-time post, the Speaker receives 50% of the salary. The annual package comprises a monthly salary, 13th month bonus and AVC. Similar to the Speaker, Deputy Speaker is a part-time post. As such, the current annual allowance of a Deputy Speaker is pegged at 15% of the Speaker's part-time annual salary.

39. **The Committee recommends retaining the peg, and the package for Speaker and Deputy Speaker will be accordingly adjusted to $900,000[16] and $135,000 respectively (assuming 1-month AVC).** Beyond this adjustment, we recommend for the Government to study the peg for Speaker and Deputy Speaker, taking into account an updated understanding of their roles and responsibilities which may have evolved over time. In addition, it would be useful to consider whether the peg for Speaker and Deputy Speaker might be better aligned with the formulation for President's monthly salary, which is pegged to a factor of the MR4 Minister reference norm monthly salary.

## SECTION D: RECOMMENDATIONS ON ALLOWANCE FOR MEMBERS OF PARLIAMENT

40. The annual allowance for MPs is currently pegged to 17.5% of the MR4 Minister reference norm annual salary, comprising a monthly allowance, 13th month bonus and AVC. The Committee is of the view that the considerations for determining the MP allowance may differ from the considerations for Ministerial pay. The MPs perform important community-based and legislative functions, which involves looking after the needs of their constituents and raising their concerns in Parliament. Fulfilling these duties well requires strong commitment and hard work from an MP. MPs are currently paid an allowance for the time and expenses incurred in carrying out these roles, with

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[16] This is half the of the MR4 Minister reference annual salary of $1,800,000.

the vast majority of MPs serving on a part-time basis. As highlighted in the 2012 White Paper, the part-time role allows MPs to bring their current life experiences in other fields to Parliamentary debate. In contrast, a Ministerial role is a full-time one where Ministers are responsible for the day-to-day administration of affairs of the state, beyond their role as MPs. **The Committee recommends for the Government to study establishing a basis for sizing the payments for community-related roles such as MPs and Mayors that is delinked from the MR4 Minister benchmark, but that remains adequate for these roles to carry out their duties faithfully and effectively.**

41. As an immediate first step, **we recommend updating the monthly MP allowance for inflation** [17] **from $13,750 to $18,500**. This references the 2012 Committee's earlier assessment that the level of MP monthly allowance was appropriate at the time, and updating the monthly allowance for inflation over the period will be in line with expenses incurred for carrying out an MP's role rising over time. Assuming a 1-month AVC, the MP's annual allowance will increase from $192,500 to $259,000.

42. The Committee notes that the Government has decided that the LO (if one is designated by the Prime Minister) will receive double the allowance of an elected MP. The LO will hence receive an *additional* monthly allowance of $18,500. The total monthly allowance of $37,000 will be used to determine his/her 13th month bonus and AVC. Assuming a 1-month AVC, this works out to an annual allowance of $518,000.

43. The total annual allowance for NCMPs and NMPs is currently pegged to 15% of an MP's annual allowance. At the time the peg was determined, NCMPs and NMPs were considered to have smaller roles relative to MPs. They did not have a community-based role as they did not have resident-constituents. They also had a reduced legislative role in that they could not vote on government budgets and changes to the Constitution.

44. We note that the 2017 Committee recommended for NCMPs to have their annual allowance pegged to 20% of an MP's allowance instead, in view of the changes in April 2017 to confer them full voting rights. **In view of their expanded legislative role and the growing contributions, the Committee recommends doubling the pegging of the total annual allowance of an NCMP from 15% to 30% that of an MP's allowance**. In line with the recommended adjustment to the MP allowance, the annual allowance for an NCMP should be $77,700 (assuming 1-month AVC) [18].

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[17] Based on an inflation rate averaging 2.1% per year from YA2011 to YA2025.

[18] Based on an MP's updated annual allowance of $259,000. An NCMP's annual allowance should be 30% x $259,000 = $77,700.

45. **The Committee recommends maintaining the peg for NMPs to 15% of the MP's total annual allowance**, i.e., an updated annual allowance of $38,900 (assuming 1-month AVC)[19]. This is because the role of an NMP has remained the same.

46. A summary of the current and revised annual salaries for all roles is at Annex E.

## SECTION E: RECOMMENDATIONS ON BENEFITS

47. **The Committee proposes to retain existing benefits provisions.** In line with the "clean wage" principle, appointment holders do not receive benefits such as housing and cars for personal use, or tax exemptions. Only the President, Prime Minister and Speaker of Parliament are accorded the use of an official car[20].

48. **Similarly, the Committee proposes for medical benefits to remain the same** as that for civil servants. Under the prevailing Medisave-cum-Subsidised Outpatient (MSO) scheme, appointment holders do not receive hospitalisation benefits. They get $140 per month, capped at a maximum of 17 months or $2,380 per year, credited into their Medisave accounts which can be used to buy Medisave-approved medical insurance. The outpatient subsidy (including co-payment of medical expenses at restructured hospitals) is capped at $500 a year. They are also reimbursed 85% of their dental expenses, up to a maximum subsidy of $250 per year.

## SECTION F: CONCLUSION

49. The Committee has reviewed the framework set out in the 2012 White Paper and the recommendations of the 2017 Committee. We affirm that the key principles of the salary framework and its benchmark remain relevant, with recommendations to better reflect today's realities of governing in a more challenging and complex world. A summary of our recommendations is appended in Table 6. The Committee put forward these recommendations as a balanced framework, and encourages the Government to consider them holistically when deciding on the implementation approach.

Table 6: Summary of Committee's Recommendations

| S/N | Component | Recommendations |
|---|---|---|
| a. | Benchmark and MR4 Minister Annual Salary | Retain benchmark at 60% of the median income of top 1,000 Singapore Citizen income earners for a Minister at MR4 grade. Update the MR4 |

[19] Based on an MP's updated annual allowance of $259,000. An NMP's annual allowance should be 15% x $259,000 = $38,900 (rounded).
[20] The car benefit is subject to tax.

| S/N | Component | Recommendations |
|---|---|---|
| | | Minister reference norm annual salary in line with current benchmark. |
| b. | Fixed:Variable Salary Structure | Retain existing salary structure comprising fixed pay components (monthly salary and 13th month bonus), and variable pay components (AVC, Performance Bonus and National Bonus) to uphold balance between transparency and performance. |
| c. | Monthly Salary Range | Widen the salary ranges and streamline the number of grades by merging the grades for (i) MR2 and MR3; and (ii) Mayor, Senior Parliamentary Secretary and Parliamentary Secretary. For the merged grade for the three roles of Mayor, Senior Parliamentary Secretary and Parliamentary Secretary, to have a wider range to cater for greater diversity.<br><br>Update the salaries and salary ranges for all other political appointment holders based on their peg to MR4 Minister annual salary. |
| d. | National Bonus | Adjust target levels for all four socioeconomic indicators to strengthen alignment towards socioeconomic progress of Singapore and Singaporeans, and to reflect changes to economic conditions.<br><br>The Government to explore a suitable quality of life/ social progress indicator within the framework when it becomes available. |
| e. | Future Reviews and Salary Adjustments | To appoint an independent committee to undertake periodic salary reviews every five years.<br><br>In the intervening period between salary reviews, the Government may adjust salaries of appointment holders within the expanded salary ranges. |
| f. | President's Package | Continue pegging the President's monthly salary to the reference monthly salary of the Prime Minister. The annual package comprises monthly salary, 13th month bonus and AVC. |
| g. | Speaker and Deputy Speaker's Package | The Speaker's salary is pegged to 50% of MR4 Minister reference norm annual salary. The |

| S/N | Component | Recommendations |
|---|---|---|
| | | Deputy Speaker's annual allowance is pegged to 15% of the Speaker's salary. Adjust the package for Speaker and Deputy Speaker in line with the current pegs.<br><br>Beyond this adjustment, the Government to study the peg for Speaker and Deputy Speaker, taking into account an updated understanding of their roles and responsibilities which may have evolved over time. In addition, it may be useful to consider whether the peg might be better aligned with the formulation for President's monthly salary, which is pegged to a factor of the MR4 Minister reference norm monthly salary. |
| h. | MP Allowance | Update MP allowance for inflation, considering that expenses for MP duties would have risen.<br><br>Increase NCMP annual allowance to 30% of an MP's annual allowance in recognition of the larger legislative role and representation. The annual allowance comprises a monthly allowance, 13th month bonus and AVC.<br><br>Update the allowances for all other categories of MPs based on their existing pegs to the MP annual allowance.<br><br>Beyond these adjustments, the Government to study establishing a basis for payment related to community-related roles such as MPs and Mayors from MR4 Minister benchmark, as the considerations may differ. |
| i. | Benefits | Retain existing benefits provisions.<br><br>Retain political appointment holders, President, Speaker, Deputy Speaker, MPs, NCMPs, and NMPs on the MSO medical scheme. |

50. We thank the Prime Minister for allowing us the opportunity to participate in this review, which is crucial to ensure that we continue to have strong political leadership for the continued progress of Singapore and Singaporeans.

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**<u>ANNEX A</u>: LIST OF COMMITTEE MEMBERS AND TERMS OF REFERENCE FOR COMMITTEE**

**Committee Members**

The Committee is chaired by Mr Gan Seow Kee, and comprises a total of eight members from the private sector, labour movement, and social sector:

| Name | Designation |
|---|---|
| Gan Seow Kee (Chairman) | Chairman, Singapore LNG Corporation Pte Ltd<br>Alternate Member, Council of Presidential Advisers |
| Ramlee Bin Buang | Member, Public Service Commission |
| Cham Hui Fong | Deputy Secretary-General and Group Director, Workforce, NTUC |
| Thomas Chua Kee Seng | Executive Chairman, Teckwah Industrial Corporation Pte Ltd |
| Theresa Goh | Chairman, Charity Council |
| Hsieh Fu Hua | Chairman, NUS Board of Trustees<br>Chairman, GXS Bank |
| Lily Kong | President, Singapore Management University<br>Member, Public Service Commission |
| Shekaran S/O K Krishnan | Partner, Ernst & Young LLP |

**Terms of Reference**

The Committee's terms of reference are to:

a. Review and propose appropriate salaries, building on the current framework; and
b. Propose refinements that will allow the framework to be implemented in a fit-for-purpose way.

**ANNEX B: PROFILE OF TOP 1,000 SINGAPORE CITIZEN INCOME EARNERS (BASED ON YEAR OF ASSESSMENT 2025 INCOME DATA FROM IRAS)**

| Job Role/ Industry | No. | % |
|---|---|---|
| **Senior Management Positions** *(including CEOs, COOs, CFOs, CIOs, Presidents, Chairmen, Directors, General Managers from wholesale and retail, real estate and construction, manufacturing, communication, information and transport, healthcare, hospitality sectors and others)* | 541 | 54.1% |
| **Financial Services** *(including bankers, asset managers, traders, Managing Directors, Senior Vice Presidents* | 353 | 35.3% |
| **Professionals** *(including lawyers, accountants, doctors, engineers)* | 106 | 10.6% |
| **Total** | 1,000 | 100% |

(Note: The top 1,000 earners not including political office holders.)

**<u>ANNEX C</u>: BENCHMARK FOR MR4 MINISTER GRADE (YA2011 – YA2025)**

1. Based on Inland Revenue Authority of Singapore (IRAS) YA2025 income data.

2. Only earnings of Singapore Citizens are included for the benchmark data.

3. The benchmarks are based on Total Employment and Trade income which has been taxed. These include monthly salaries, bonuses, stock options, partnership fees and commissions.

4. The benchmark figures are audited by the Auditor-General every year.

| Year of Assessment | MR4 Minister Benchmark | MR4 Minister Reference Annual Salary | Comparison to Benchmark |
|---|---|---|---|
| 2011 | $1,100,000 | $1,100,000 | At benchmark |
| 2012 | $1,187,800 | $1,100,000 | 7.4% below benchmark |
| 2013 | $1,177,300 | $1,100,000 | 6.6% below benchmark |
| 2014 | $1,205,800 | $1,100,000 | 8.8% below benchmark |
| 2015 | $1,250,200 | $1,100,000 | 12.0% below benchmark |
| 2016 | $1,300,100 | $1,100,000 | 15.4% below benchmark |
| 2017 | $1,224,700 | $1,100,000 | 10.2% below benchmark |
| 2018 | $1,296,100 | $1,100,000 | 15.1% below benchmark |
| 2019 | $1,398,300 | $1,100,000 | 21.3% below benchmark |
| 2020 | $1,406,200 | $1,100,000 | 21.8% below benchmark |
| 2021 | $1,453,000 | $1,100,000 | 24.3% below benchmark |
| 2022 | $1,717,100 | $1,100,000 | 35.9% below benchmark |
| 2023 | $1,751,900 | $1,100,000 | 37.2% below benchmark |
| 2024 | $1,778,800 | $1,100,000 | 38.2% below benchmark |
| 2025 | $1,841,500 | $1,100,000 | 40.3% below benchmark |

<u>Note</u>: Figures are rounded to the nearest $100.

**<u>ANNEX D</u>: INCOME GROWTH OF 20TH PERCENTILE (P20) AND MEDIAN (P50) OF FULL-TIME EMPLOYED SINGAPORE CITIZENS AS COMPARED TO MR4 MINISTER BENCHMARK**

| Group | Compound Annual Growth Rate (YA2011-YA2025) |
|---|---|
| P20[1] | 4.6% p.a.[2] |
| P50[1] | 4.3% p.a.[2] |
| MR4 Minister Benchmark[3] (60% of the median income of the top 1,000 earners who are Singapore Citizens) | 3.6% p.a.[4] |

*<u>Note (1):</u> Based on Comprehensive Labour Force Survey released annually by the Manpower Research and Statistics Department of the Ministry of Manpower (MOM). Reference period of YA2011 to YA2025 pertains to calendar year 2010 to 2024.*

*<u>Note (2):</u> This refers to the compounded annual growth rate (CAGR) of gross monthly income from employment (excluding employer CPF) of full-time employed Singapore Citizens from YA2011 to YA2025.*

*<u>Note (3):</u> Based on Inland Revenue Authority of Singapore (IRAS) income data.*

*<u>Note (4):</u> This refers to the compounded annual growth rate (CAGR) of the MR4 Minister Benchmark between YA2011 and YA2025.*

**<u>ANNEX E</u>: REVISED ANNUAL SALARIES AND ALLOWANCES OF POLITICAL APPOINTMENT HOLDERS, PRESIDENT, SPEAKER, DEPUTY SPEAKER AND MEMBERS OF PARLIAMENT**[21]

<table>
<tr><th colspan="2">Appointment / Grade</th><th>Current Total Annual Salaries</th><th>Revised Total Annual Salaries</th></tr>
<tr><td colspan="4">Political Appointment Holders</td></tr>
<tr><td colspan="2">Prime Minister</td><td>$2,200,000</td><td>$3,600,000</td></tr>
<tr><td colspan="2">Deputy Prime Minister</td><td>$1,870,000</td><td>$3,060,000</td></tr>
<tr><td rowspan="4">Minister</td><td>MR1</td><td>$1,760,000</td><td>$2,880,000</td></tr>
<tr><td>MR2</td><td>$1,540,000</td><td rowspan="2">$2,340,000</td></tr>
<tr><td>MR3</td><td>$1,320,000</td></tr>
<tr><td>MR4</td><td>$1,100,000</td><td>$1,800,000</td></tr>
<tr><td colspan="2">Senior Minister of State</td><td>$935,000</td><td>$1,530,000</td></tr>
<tr><td colspan="2">Minister of State</td><td>$770,000</td><td>$1,260,000</td></tr>
<tr><td colspan="2">Mayor</td><td>$660,000</td><td rowspan="3">$810,000</td></tr>
<tr><td colspan="2">Senior Parliamentary Secretary</td><td>$572,000</td></tr>
<tr><td colspan="2">Parliamentary Secretary</td><td>$418,000</td></tr>
<tr><td colspan="4">President, Speaker, Deputy Speaker</td></tr>
<tr><td colspan="2">President</td><td>$1,540,000</td><td>$2,520,000</td></tr>
<tr><td colspan="2">Speaker</td><td>$550,000</td><td>$900,000</td></tr>
<tr><td colspan="2">Deputy Speaker</td><td>$82,500</td><td>$135,000</td></tr>
<tr><td colspan="4">Members of Parliament</td></tr>
<tr><td colspan="2">MP</td><td>$192,500</td><td>$259,000</td></tr>
<tr><td colspan="2">Leader of the Opposition</td><td>$385,000</td><td>$518,000</td></tr>
<tr><td colspan="2">Non-Constituency MP</td><td>$28,900</td><td>$77,700</td></tr>
<tr><td colspan="2">Nominated MP</td><td>$28,900</td><td>$38,900</td></tr>
</table>

[21] Figures presented here assume that the MR4 Minister reference norm annual salary has been aligned to current benchmarks.