The peg: Can it keep talent?

OVER the years, the focus of the debate on public-sector pay has shifted. Recognising that public-sector leaders should be fairly compensated, people now ask how well they should be paid.

Is pegging ministerial salaries to private-sector pay a fair and equitable deal?

Professor Neo Boon Siong of the Lee Kuan Yew School of Public Policy believes so.

"From a management perspective, they are doing important things, they should be paid the value they are worth. Their impact on the country is even greater than that for private-sector firms."

This is also a way to keep the best in the Government. Already, the country's top mandarins are key targets for many top firms. This is because the skill sets and competencies required in the public and private sectors have converged, says Mr Andrew How, general manager of human resource consultancy Hay Group.

However, Mr David Leong from People Worldwide Consulting argues that risks in the public sector are different and incomes more stable.

"What if our nation runs into losses? Do ministers and civil servants adjust their salaries downwards now conditions are changed?"

Adds Non-Constiuency MP Sylvia Lim: "In the public sector, national policies and directions are set. What happens when policies fail? How often do ministers get stripped of their positions or lose post-public-sector benefits?"

Still, the Public Service Division (PSD) has pointed out that ministers are not in "guaranteed long-term jobs" - they face general elections every five years.

For top civil servants, Prime Minister Lee Hsien Loong said on Thursday the Government does not want to lose "entire cohorts" of good officers as it did in the 1990s, when it failed to respond as the private sector surged ahead.

Over the past year, 13 administrative officers out of a batch of 230 resigned for various reasons. A small number perhaps, but it got the Government moving.

As PSD Permanent Secretary Lim Soo Hoon tells Insight: "The most vulnerable age for them is around the late 20s, early 30s. That's when the bond ends and... they are freer to think of other options."

Still, experts doubt if high salaries alone are enough to make them stay.

In a 2003 paper examining rewards for top public-sector officers, political scientist Jon Quah pointed out that high pay seems to curb the brain drain among ministers and permanent secretaries to the private sector. But not for officers such as those below head of department level.

Yesterday, Professor Quah, who lectures at the National University of Singapore, told Insight: "The salary is a necessary but insufficient factor in retention, where other factors like working conditions matter. The salary cannot ensure job satisfaction."

Singapore Management University law lecturer Eugene Tan also cautions against being too "overly market-oriented" in this bid to keep the brightest minds.

"(This) is detrimental to the cultivation of a public-service ethos, especially in a young nation like ours."