Briefing on National Wages Council (NWC) Guidelines for 2016/2017 & Tripartite Guidelines on Re-Employment of Older Employees and Managing Excess Manpower & Responsible Retrenchment

Date: **Thu, 30 Jun 2016** Time: **2.30pm – 5.00pm**
Venue: **Orchard Hotel, Grand Ballroom**

PROGRAMME

2.30pm	**Registration**
3.00pm	**Presentation on Changes to Re-Employment Law, Tripartite Guidelines on Re-Employment of Older Workers and Tripartite Guidelines on Managing Excess Manpower & Responsible Retrenchment** *By Mr Choo Zhiyong, Manager (Programme and Partnership Development), TAFEP*
3.30pm	**Presentation on NWC Guidelines for 2016/2017** *By Mr Chua Ker Sin, Director (Research & Information), SNEF*
4.00pm	**Q&A Session** *Moderated by:* *By Mr Kee Chia Choon, Director (Industrial & Workplace Relations Division), SNEF* *Panel Members:* 1. *Mr Lau Weng Hong, Deputy Director (Labour Relations and Workplaces Division), Ministry of Manpower* 2. *Dr Ho Kaiwei, Deputy Director (Labour Relations and Workplaces Division), Ministry of Manpower* 3. *Mr Chua Ker Sin, Director (Centre for Research and Information), SNEF*
5.00pm	**End**

Programme is correct at time of print.

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Tripartite Alliance for Fair & Progressive Employment Practices

Changes to Re-employment Law and Tripartite Guidelines

Choo Zhi Yong
TAFEP

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Agenda

- Re-employment overview
- Changes to the law
- Changes to the tripartite guidelines

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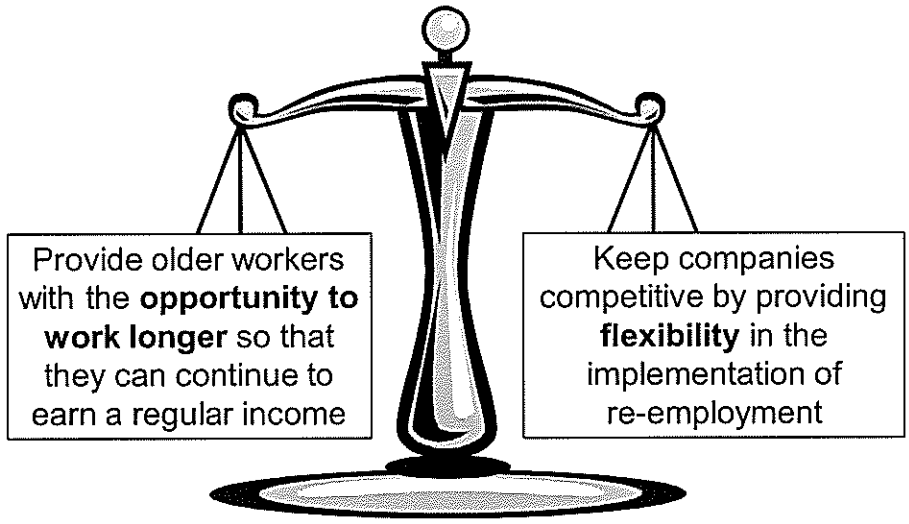
Retirement & Re-employment Act (RRA)



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Key features of RRA

- Provides for re-employment from age 62 up to age 65
- If employer cannot offer re-employment to eligible employees, employer pays employment assistance payment (EAP)
- **Tripartite guidelines** are referred to in resolution of re-employment disputes
- Provides for **wage cut at 60**
  - Retained from the earlier Retirement Age Act

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Raising re-employment age from 65 to 67 in 2017

2013
- MOM started review of RRA with tripartite partners

2014
- Tripartite partners recommended to adopt a **promotional approach** and **provide incentives** for re-employment beyond 65

2015
- Budget: DPM announced additional Special Employment Credit
- National Day Rally: PM announced re-employment age would be raised to 67 **by 2017**

2016
- Effective date of **1 Jul 2017** announced

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Changes to the RRA

a) Raising re-employment age from 65 to 67

b) Removal of provision for wage cut at age 60

c) Option for re-employment by another employer, with employee's consent

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a) Raising re-employment age from 65 to 67

- Effective date: **1 July 2017**
  - Employers legally obligated to offer re-employment to 67 to eligible employees who turn 65 on or after 1 July 2017, i.e. those born on or after 1 July 1952
- Why raise it?
  - Helps older workers to work as long as they are willing and able
  - Employment rate of older workers steadily increased since introduction of re-employment
  - Government had signaled intent to raise it to 67 in 2012

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b) Removal of provision for wage cut at age 60

- Effective date: **1 July 2017**
- Why remove it?
  - Wage cut provision originally to help employers manage costs when Government raised retirement age to 62
  - Today, vast majority of companies in all sectors do not practice wage cuts at 60

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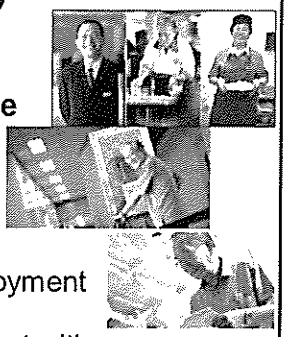
c) Re-employment by another employer



- Effective date: **1 July 2017**
- RRA recognises re-employment with the **same** employer
- Tripartite partners agreed to recognise re-employment by a **another** employer when:
  - Another employer is willing to take on re-employment obligations for the employee, **AND**
  - The employee is willing to accept re-employment with the other employer
- Why allow this?
  - This change opens up more employment opportunities for older workers, while the conditions of mutual agreement safeguard the worker's interests
- Tripartite partners discussing implementation details

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Tripartite Guidelines for the Re-employment of Older Employees

- The guidelines serve as a guide for:
  - How employers should **prepare** for re-employment
  - Conditions surrounding their **offer** of re-employment
  - How to **assist** employee if unable to offer re-employment
- The guidelines are **gazetted**
  - Provides basis for mediation and adjudication of re-employment disputes
  - Labour Court, High Court and Industrial Arbitration Court will take reference from the guidelines in the settlement and adjudication of re-employment claims and appeals

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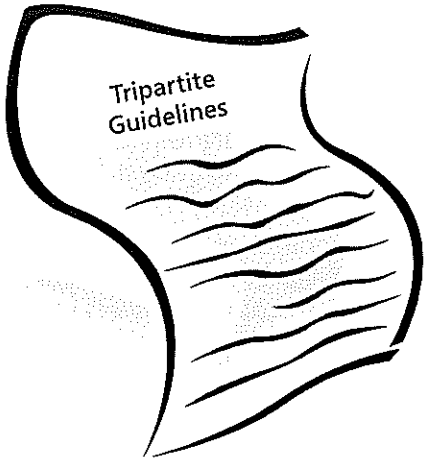
Changes to Tripartite Guidelines

Key changes:

a) EAP amounts

b) Medical benefits options



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a) Revised EAP amounts

	62 to < 64.5	64.5 to < 67
No. of months of EAP payable	3.5 (from 3)	2
Maximum	$13,000 (from $10,000)	$7,500 (from $7,000)
Minimum	$5,500 (from $4,500)	$3,500 (from $3,000)

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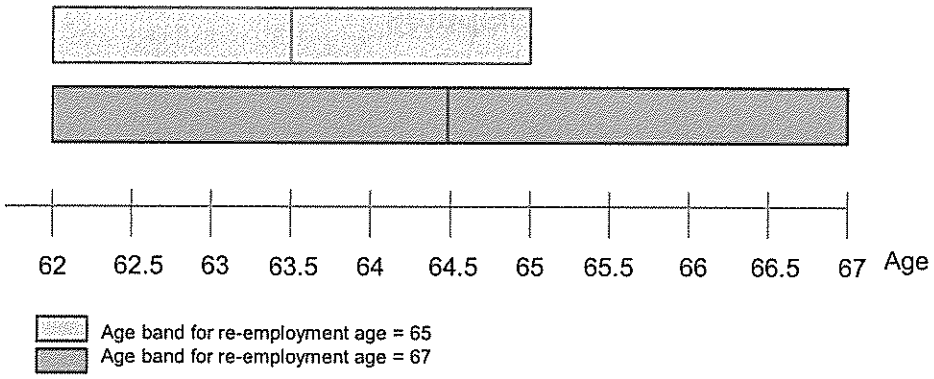
Age bands for EAP are no longer comparable

- With re-employment age at 67, mid-point has shifted from 63.5 to 64.5 years. Each age band now covers 2.5 years instead of 1.5 years.
- Second band now mostly covers those who were never covered before.



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b) Medical benefits options

- Encourages employers to provide additional contributions to Medisave
- Why change this?
  - Encourage additional Medisave contributions to be a norm for re-employed employees

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Guidelines to use

- Tripartite guidelines dated 11 January 2011 continue to apply up until **1 July 2017**
  - Provide basis for mediation and adjudication of re-employment disputes
- New tripartite guidelines dated 18 May 2016 are made available to help employers and employees prepare for the changes that will take effect on **1 July 2017**

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Re-employ beyond 65

- Changes to re-employment law take effect on **1 July 2017**
- Employers encouraged to voluntarily re-employ employees beyond age 65 before effective date
- Employers with Singaporean workers aged 65 and above receive additional wage offsets of up to 3% till 1 July 2017

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Tripartite Guidelines on Managing Excess Manpower and Responsible Retrenchment

Revised on 24 May 2016

Choo Zhi Yong
TAFEP

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Background

- **Launched Nov 08, last revised May 09**
- **Current situation unlike sharp downtown in 2009**
  - Restructuring towards higher productivity
  - Slower manpower growth
  - Keener global competition
- **Updated the guidelines to ensure it stays relevant**

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What is New?

- Recognises that restructuring and layoffs may sometimes be inevitable and provides greater clarity on how to conduct retrenchment exercises in a **RESPONSIBLE MANNER**
- **EMPLOYMENT FACILITATION** - Highlights avenues to help employees who have been displaced
- Emphasises need for companies to maintain strong **SINGAPOREAN CORE**

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Managing Excess Manpower

- Consider **alternatives** such as upskilling employees, redeployment and redesigning jobs.
  - *Tap on government grants (e.g. WorkPro and the Capability Development Grant)*

- Implement established cost–saving measures where appropriate
  - *e.g. shorter work week, temporary layoff or flexible wage system*

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Responsible Retrenchment

If retrenchment is inevitable:

- Be sensitive and treat affected employees with dignity and respect
- Selection of employees should be based on **objective criteria**, and **fair**

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Pre-Retrenchment

- **Inform** and consult unions as early as possible
- **Notify** MOM/TAFEP early so that companies can be better assisted
  - *http://www.mom.gov.sg/eservices/services/notify-for-retrenchment-exercise; or*
  - ***MOM's** Hotline (6438 5122); or*
  - *Email **MOM** (mom_lrwd@mom.gov.sg); or **TAFEP** (contactus@tafep.sg)*
  - *Employers yet to decide to retrench but wish to seek advice on retrenchment / employment facilitation can also contact MOM*
- **Communicate** to employees early on intentions for retrenchment

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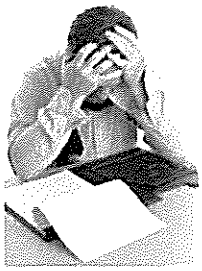
Serving the Retrenchment Notice

- Adopt a longer retrenchment notice period, or to pay in lieu of such notice
- Be sensitive, offer counselling support where necessary
- Pay all salaries due and retrenchment benefits to the affected employees by the last day of work



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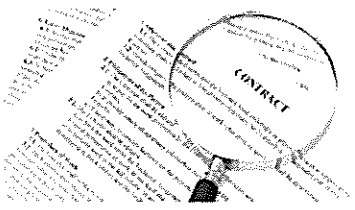
Retrenchment Benefits

- Employees with **> 2 years' service** are eligible for retrenchment benefits
- Quantum to depend on collective agreement, contract of service or negotiations between employer and employee/union if unionised
- If retrenchment follows shortly after a wage cut, the salary prior to the wage cut should be used to compute the retrenchment benefit



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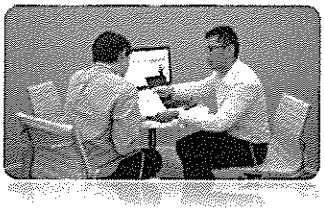
Employment Facilitation

- Help retrenched employees look for alternative jobs
  - *Consider engaging intermediaries such as employment/ placement agencies*
- Work with agencies such as WDA and e2i to provide employment facilitation services to assist affected employees



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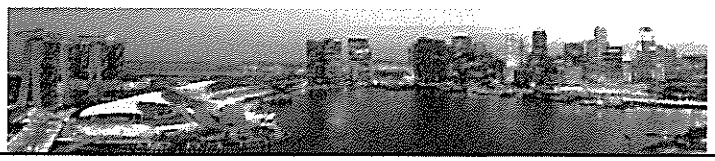
Maintaining Singaporean Core

- Reminder to take a **long term view** of manpower needs and maintain strong **Singaporean** core
  - *Allow companies to seize growth opportunities once business rebounds*
- MOM will investigate complaints of discriminatory employment practices. This includes retrenchments that unfairly target Singaporeans or which result in Singaporeans being replaced with foreigners
- If the complaints are substantiated, companies may have their work pass privileges curtailed



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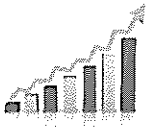
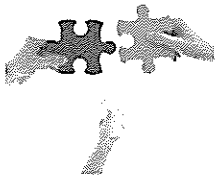
Conclusion



- As companies restructure towards higher productivity and becoming more manpower lean, consider redeploying or re-skilling excess local manpower
- If retrenchment is inevitable, do so in a responsible manner
- The tripartite partners will work closely with companies to provide employment facilitation services to help affected employees



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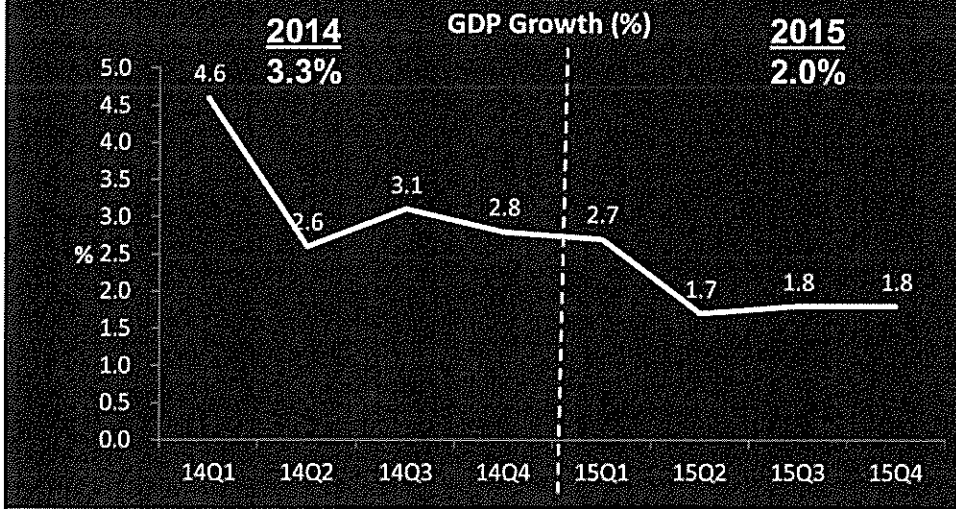
National Wages Council Guidelines for 2016 / 2017

1

Review of 2015:GDP



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Review of 2015:Employment

	2014	2015	15Q1	15Q2	15Q3	15Q4
Employment Growth ('000)	130.1	32.2	(6.1)	9.7	12.6	16.1
Unemployment Rate (%)	2.0	1.9	1.8	2.0	2.0	1.9
Resident Unemployment Rate (%)	2.7	2.8	2.5	2.8	3.0	2.9
Redundancy	12,930	15,580	3,500	3,250	3,460	5,370

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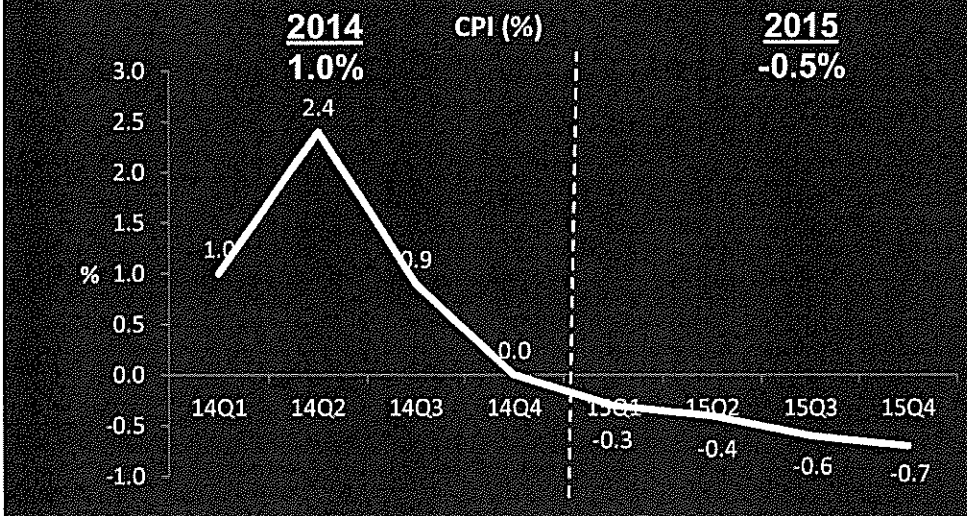
Review of 2015: Inflation



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Review of 2015: Productivity and Wages

	2014	2015
Productivity Growth (%)	(0.5)	(0.1)
Nominal Basic Wage Growth (%)	4.9	4.2
Real Basic Wage Growth (%)	3.9	4.7
Annual Variable Component (incl. AWS) (Months)	2.21	2.17

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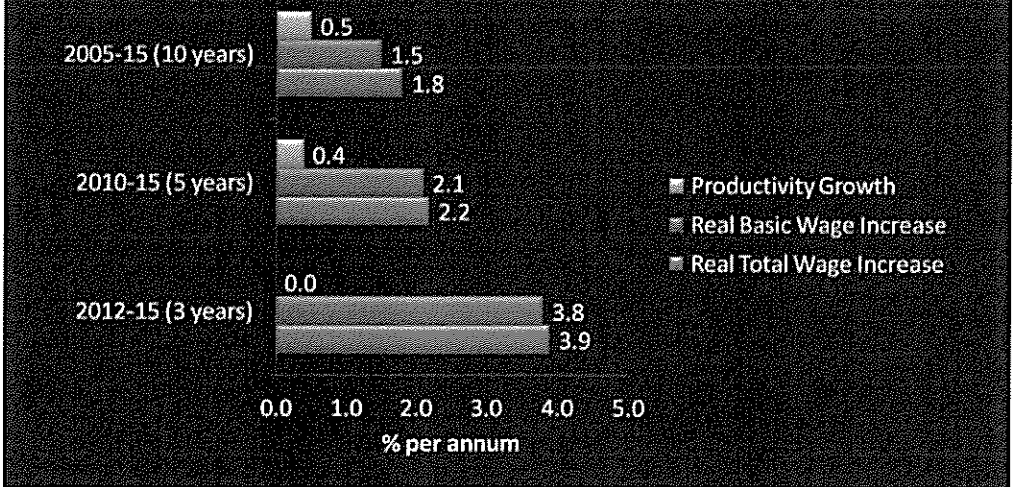
Productivity-Wage Gap



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Outlook for 2016

	2016 Q1	2016 Projection
GDP Growth (%)	1.8	1.0 to 3.0
Productivity Growth (%)	0.6	N.A.
Employment Growth	13,000	N.A.
CPI (%)	(0.8)	Minus 1.0 to 0.0

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Press on with Restructuring and Productivity Efforts Amidst Economic Uncertainty

- It is crucial for businesses to transform towards higher productivity, so as to remain competitive and **ensure that real wage increases are in line with productivity growth over the long term.** The NWC reiterates the urgency to strive for productivity growth, especially in our domestically-oriented sectors with lower rates of productivity growth.

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Leverage on Industry Transformation Programme & Sectoral Manpower Plans

- Employers to press on with economic restructuring, leveraging on the Industry Transformation Programme (ITP)
- This will be supported by Sectoral Manpower Plans (SMP) which will map out future manpower needs and develop a pipeline of talent to strengthen the Singaporean core
- The NWC calls on the tripartite partners to support the Industry Transformation Programme and develop and maintain a strong Singaporean Core across industries

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Make Use of Government Schemes

Adapt & Grow Initiatives

PMETs			R&F Workers	
Career Support Programme	Professional Conversion Programme	P-Max	Place-and-Train Programme	Work Trial

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Wage Recommendations

- Taking into consideration the challenging business environment, varied labour market conditions, uneven productivity growth and uncertain economic outlook, wage increases will need to be sustainable and fair: built-in wage increases should be given in line with firms' business prospects, while variable payments should reflect firms' performance and workers' contributions.

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Wage Recommendations

- **a) employers which have done well and have good business prospects should reward their workers with built-in wage increases, and variable payments commensurate with the firms' performance**
- **b) employers which have done well but face uncertain prospects may exercise moderation in built-in wage increases, but should reward workers with variable payments commensurate with the firms' performance; and**
- **c) employers which have not done well and face uncertain prospects may exercise wage restraint, with management leading by example**

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Guidelines for Low Wage Workers

- a) employers grant low-wage workers a built-in wage increase in the form of a dollar quantum and a percentage. This will give the low-wage workers in the firm a higher percentage built-in wage increase;
- b) employers grant a built-in wage increase of $50 to $65 for low-wage workers earning a basic monthly salary of up to $1,100; and
- c) employers grant an equitable and reasonable wage increase and/or one-off lump sum based on skills and productivity for low-wage workers earning above $1,100.

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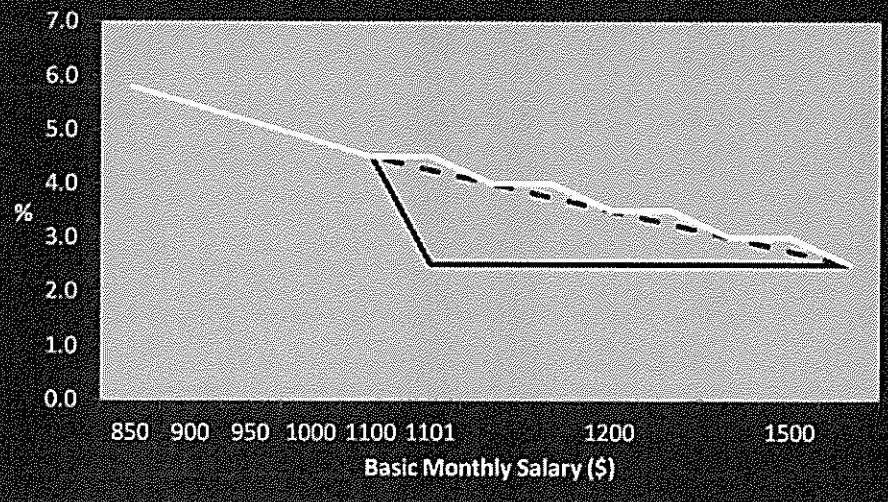
Meaning of Part (c)



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Low Wage Workers in Outsourced Work

- The Government is taking the lead to make a special effort to best source and incorporate NWC wage recommendations into outsourced service contracts. The NWC urges employers and service buyers to do the same.
- Service providers of outsourced services, starting with cleaning, security and landscaping services, should factor in the annual wage adjustments and the Annual Wage Supplement (AWS) for workers into new contracts, and service buyers should recognise and support such efforts, including by allowing contract values to be adjusted as necessary.
- Service buyers and service providers take into account the experience and performance of outsourced workers when employment contracts are offered or renewed

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Progressive Wage Model

- Tripartite committees formed to advance the Government-enforced PWM in the cleaning, security and landscaping industries, covering areas of skills, productivity, career progression and wages.
- The NWC further urges employers in other industries to adopt the concept of "progressive wages and skills" and provide a clear pathway for their workers to upskill and upgrade, including through structured training and participating in SkillsFuture initiatives.

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Other NWC Recommendations

- The NWC endorses the Tripartite Guidelines on Re-Employment of Older Employees released on 18 May 2016 and recommends that the Government and employers augment the labour force by encouraging the economically inactive to return to work.
- To support employers hiring older Singaporean workers and persons with disabilities, there will be an extension of the Special Employment Credit (SEC) for three years from 1 January 2017 to 31 December 2019. From January 2017, SEC wage offsets will be provided to employers hiring Singaporean workers aged 55 and above, earning up to $4,000 a month.

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Other NWC Recommendations

- The NWC endorses the Tripartite Guidelines on Managing Excess Manpower released on 24 May 2016 and strongly urges employers which have to release workers to do so responsibly and fairly.
- Where retrenchment is inevitable, employers should consult unions if the company is unionised, notify the Ministry of Manpower as early as practicable, and work with outplacement services or agencies such as WDA Career Centres and the Employment and Employability Institute (e2i) to assist affected employees.

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Application of NWC's Recommendations

- The NWC Guidelines are for 1 July 2016 to 30 June 2017.
- These recommendations are applicable to all employees – management, executives, professionals and rank-and-file employees, unionised and non-unionised companies in both public and private sectors.
- These recommendations also apply to workers who have been re-employed.
- To facilitate wage negotiation, employers should share relevant information, such as company wage information, business performance and prospects, with unions.

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Questions

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NATIONAL WAGES COUNCIL (NWC) GUIDELINES 2016/2017

Economic Performance and Labour Market in 2015

1. In 2015, the Singapore economy grew by 2.0%, slower than the 3.3% growth in 2014. Total employment growth moderated to 32,300 in 2015, compared to 130,100 in 2014. The overall unemployment rate (1.9%) and resident unemployment rate (2.8%) remained low and broadly unchanged since 2011. Redundancies grew to 15,580, an increase from 12,930 in 2014, and the highest since 2010.

2. The Consumer Price Index (CPI) fell by 0.5% in 2015, easing from the 1.0% increase in 2014. CPI less imputed rentals on owner-occupied accommodation (OOA), which relates more directly to the actual cash spending of households, edged up by 0.1% in 2015, lower than the 1.2% increase in 2014.

3. Overall labour productivity as measured by real value-added per worker declined by 0.1% in 2015[1], an improvement from the decline of 0.5% in 2014. When measured by real value-added per actual hour worked[2], labour productivity grew by 1.0% in 2015, similar to the 1.1% growth in 2014.

4. Total nominal wages in the private sector, including bonuses, grew by 4.0% in 2015, lower than an increase of 4.9% in 2014. This was due to a lower basic wage increase of 4.2% in 2015 (compared to 4.9% in 2014) and lower bonuses of 2.17 months of basic wages in 2015 (compared to 2.21 months in 2014). When employer Central Provident Fund (CPF) contributions are factored in, the growth in total wages remained stable at 4.9% in 2015, due to the increase in employer CPF contributions in 2015.

5. Accounting for the -0.5% CPI inflation in 2015, real basic wages rose at a faster pace of 4.7%, compared to 3.9% in 2014. Real total wages including employer CPF contributions rose by 5.4% in 2015, compared to 3.9% in 2014.

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[1] MTI Economic Survey of Singapore 2015, released on 24 February 2016.

[2] Value-added per actual hour worked is a measure of productivity that takes into account the number of hours that a person in paid or self-employment spends on work activities.

Outlook for 2016

6. Since the start of 2016, the global growth outlook has weakened, with growth for the full year now expected to be broadly similar to that in 2015. Alongside the softening of the global economic outlook, downside risks remain. In Singapore, sectors such as Finance & Insurance and Wholesale Trade are likely to support growth in 2016, while the outlook for Manufacturing remains weak. Prospects for the Construction sector have also weakened in 2016. Against this macroeconomic backdrop, and barring the full materialisation of downside risks, the Singapore economy is expected to grow by 1.0% to 3.0% in 2016. The Monetary Authority of Singapore (MAS) forecasts[3] the 2016 CPI inflation to be -1.0% to 0.0%.

7. Labour demand is expected to be uneven across sectors in 2016. Redundancies are expected to rise in sectors facing weak external demand such as Manufacturing. While the unemployment rate has remained low, there is some risk of an increase arising from ongoing industry restructuring. On the other hand, domestically-oriented services such as Community, Social & Personal Services and Food & Beverage Services will continue to hire even as they restructure.[4]

NWC Wage Guidelines for 2016/2017

Press on with Restructuring and Productivity Efforts Amidst Economic Uncertainty

8. Local employment growth is expected to be significantly lower in the medium term compared to the last few years. Growth of the working-age local population is slowing. Further improvement to the labour force participation rate (LFPR) is likely to be muted as Singapore's LFPR is already higher than that of the OECD average and many developed economies. It is crucial for businesses to transform towards higher productivity, so as to remain competitive and **ensure that real wage increases are in line with productivity growth over the long term**. The NWC reiterates the urgency to strive for productivity growth, especially in our domestically-oriented sectors with lower rates of productivity growth.

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3 MAS Consumer Price Developments in April 2016, released on 23 May 2016.

4 MOM Statement on Labour Market Developments, released on 15 March 2016.

9. The NWC therefore welcomes Government efforts and calls on employers to press on with economic restructuring, leveraging on the Industry Transformation Programme. Through more targeted and industry-focused interventions, deeper tripartite partnerships, and a focus on technology adoption and innovation, the Industry Transformation Programme will position our economy to emerge stronger in the coming years. This will be supported by Sectoral Manpower Plans which will map out future manpower needs and develop a pipeline of talent to strengthen the Singaporean core, by identifying and providing quality jobs and career pathways in each sector. The NWC calls on the tripartite partners to support the Industry Transformation Programme and develop and maintain a strong Singaporean Core across industries.

10. While we press on with efforts at productivity and business transformation, the NWC emphasises the importance of ensuring employment support for workers affected by economic uncertainty and restructuring. The Government's Adapt and Grow package will bolster help for such workers in a timely way. The NWC encourages employers which are hiring to tap on initiatives such as the Career Support Programme (CSP), Professional Conversion Programmes (PCP), P-Max and Place-and-Train Programmes so as to maximise their manpower supply. The NWC urges workers to play an active role in taking advantage of such schemes and SkillsFuture initiatives to upgrade their skills and adapt to changing job demands. Employers are encouraged to tap on Government funding, including training subsidies and absentee payroll, to provide employees with the necessary time and resources to undertake training and hone new skills.

11. Taking into consideration the challenging business environment, varied labour market conditions, uneven productivity growth and uncertain economic outlook, wage increases will need to be sustainable and fair: built-in wage increases should be given in line with firms' business prospects, while variable payments should reflect firms' performance and workers' contributions. Within this context, the NWC recommends that:

a) **employers which have done well and have good business prospects should reward their workers with built-in wage increases, and variable payments commensurate with the firms' performance;**

b) **employers which have done well but face uncertain prospects may exercise moderation in built-in wage increases, but should reward workers with variable payments commensurate with the firms' performance; and**

c) employers which have not done well and face uncertain prospects may exercise wage restraint, with management leading by example.

Wage Recommendations for Low-Wage Workers

12. The NWC welcomes the continued efforts by the Government, union and employer groups to help low-wage workers raise their skills, employability and incomes. Employers are encouraged to continue tapping on Government programmes such as the Inclusive Growth Programme (IGP), which shares productivity gains with low-wage workers; and the Workfare Training Support (WTS) Scheme, which funds skills upgrading. The WTS Scheme will be enhanced, with the income ceiling raised from $1,900 to $2,000 and training subsidies extended to more workers. The Workfare Income Supplement (WIS) will similarly have its income ceiling raised with higher payouts from January 2017.

13. To complement these efforts, the NWC gave focus to low-wage workers through quantitative wage recommendations in the last four years. Last year, the NWC increased the wage threshold and recommended a built-in wage increase of at least $60 for low-wage workers earning a basic monthly salary of up to $1,100. Over the year, the proportion of full-time employed resident employees earning a basic salary of up to $1,100 is estimated to have decreased from 8.2% in 2014 to 6.9% in 2015.[5] As of December 2015, 46% of private establishments gave or intended to give some form of wage increases to their employees earning a monthly basic salary of up to $1,100. Specifically, 18% gave increments equal to or more than the NWC's recommended built-in wage increase of $60, compared to 31% which gave increments equal to or more than the NWC's recommended built-in wage increase of $60 to employees earning a monthly basic salary of up to $1,000 in 2014.[6]

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5 Based on data from the Comprehensive Labour Force Survey and Occupational Wage Survey.

6 Survey on Annual Wage Changes 2015.

14. Notwithstanding the uncertain economic environment, the NWC believes there is merit to continue according low-wage workers special consideration in their annual wage adjustments, to build on sustained efforts to uplift their incomes. As such, the NWC recommends that:

a) **employers grant low-wage workers a built-in wage increase in the form of a dollar quantum and a percentage. This will give the low-wage workers in the firm a higher percentage built-in wage increase;**

b) **employers grant a built-in wage increase of $50 to $65 for low-wage workers earning a basic monthly salary of up to $1,100; and**

c) **employers grant an equitable and reasonable wage increase and/or one-off lump sum based on skills and productivity for low-wage workers earning above $1,100.**

15. The NWC will review the continued need for quantitative guidelines for low-wage workers annually, taking into careful consideration factors such as Singapore's economic performance, competitiveness, labour market conditions, productivity performance, and progress on outcomes for low-wage workers.

Low-Wage Workers in Outsourced Work

16. The NWC recognises that many low-wage workers are employed in outsourced work. As of December 2015, 42% of private establishments performing outsourced work and with low-wage workers earning a basic monthly salary of up to $1,100, gave increments equal to or more than the NWC's recommended built-in wage increase of at least $60. The NWC notes that Government is taking the lead to make a special effort to best source and incorporate NWC wage recommendations into outsourced service contracts in these sectors. The NWC urges employers and service buyers of these industries to do the same.

17. Service providers of outsourced services, starting with cleaning, security and landscaping services, should factor in the annual wage adjustments and the Annual Wage Supplement (AWS) for workers into new contracts, and service buyers should recognise and support such efforts, including by allowing contract values to be adjusted as necessary. As part of fair and progressive employment practices, the NWC recommends that service buyers and service providers take

into account the experience and performance of outsourced workers when employment contracts are offered or renewed.

Progressive Wage Model (PWM)

18. The NWC strongly supports the PWM and welcomes tripartite efforts in championing the PWM to improve the job prospects and income of workers. In particular, the NWC notes the efforts of the tripartite committees formed to advance the Government-enforced PWM in the cleaning, security and landscaping industries, covering areas of skills, productivity, career progression and wages.

19. The NWC further urges employers in other industries to adopt the concept of "progressive wages and skills" and provide a clear pathway for their workers to upskill and upgrade, including through structured training and participating in SkillsFuture initiatives. PWMs, reinforced by skills upgrading and productivity improvement, will allow employers to make better use of manpower and pay higher wages, commensurate with their workers' job scopes, responsibilities, skill sets and productivity levels.

Other NWC Recommendations

Employment of Older Workers and Economically Inactive Persons

20. The NWC endorses the Tripartite Guidelines on Re-Employment of Older Employees released on 18 May 2016 and recommends that the Government and employers augment the labour force by encouraging the economically inactive to return to work. In particular, employers can tap on Government programmes like WorkPro to recruit and retain back-to-work women and older workers through more flexible and age-friendly workplace practices. The NWC notes that to support employers hiring older Singaporean workers and persons with disabilities, there will be an extension of the Special Employment Credit (SEC) for three years from 1 January 2017 to 31 December 2019. From January 2017, SEC wage offsets will be provided to employers hiring Singaporean workers aged 55 and above, earning up to $4,000 a month.

Responsible Retrenchment

21. Amid rising redundancies, the NWC endorses the Tripartite Guidelines on Managing Excess Manpower released on 24 May 2016 and strongly urges employers which have to release workers to do so responsibly and fairly. Where retrenchment is inevitable, employers should consult unions if the company is unionised, notify the Ministry of Manpower as early as practicable, and work with outplacement services or agencies such as WDA Career Centres and the Employment and Employability Institute (e2i) to assist affected employees. Retrenched workers are encouraged to take up opportunities for training, and reskill to take up new employment.

Application of NWC Guidelines

22. The NWC Guidelines cover the period from 1 July 2016 to 30 June 2017.

23. These recommendations are applicable to all employees – management, executives, professionals and rank-and-file employees, unionised and non-unionised companies in both public and private sectors.

24. These recommendations also apply to workers who have been re-employed.

25. To facilitate wage negotiation, employers should share relevant information, such as company wage information, business performance and prospects, with unions.

26. The NWC encourages employers that encounter difficulties in implementing the guidelines to work with the employers' associations and unions, to address the issues.

NATIONAL WAGES COUNCIL 2016/2017

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Chairman, National Wages Council
(Chairman, DBS Bank Ltd)

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Singapore National Employers Federation

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National Trades Union Congress

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Ministry of Manpower

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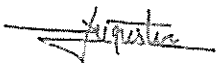
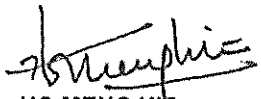


AUGUSTIN LEE
Deputy Secretary,
Ministry of Manpower



HO MENG KIT
Chief Executive Officer,
Singapore Business Federation

MELVIN YONG
Executive Secretary
National Transport Workers' Union

JAMES WONG
Deputy Secretary (Policy),
Public Service Division

ZHULKARNAIN ABDUL RAHIM
Board Director,
Singapore Malay Chamber of Commerce & Industry

SYLVIA CHOO
Executive Secretary
Singapore Industrial & Services Employees' Union

NGIAM SHIH CHUN
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Ministry of Trade & Industry

R THEYVENDRAN
Chairman,
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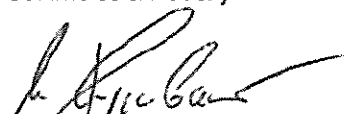
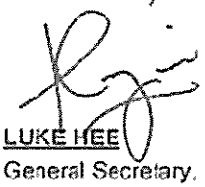
MIKE THIRUMAN
President,
Singapore Teachers' Union

KELVIN WONG
Assistant Managing Director,
Economic Development Board



WOLFGANG HUPPENBAUER
President,
Singaporean-German Chamber of Industry & Commerce



LUKE HEE
General Secretary,
Singapore Insurance Employees' Union

GOH ENG GHEE
Deputy Chief Executive,
Singapore Workforce Development Agency

JEFFREY HARDEE
Governor,
The American Chamber of Commerce in Singapore

HAREENDERPAL SINGH
President,
Union of Security Employees

ADRIAN CHUA
Divisional Director,
Manpower Planning and Policy Division,
Ministry of Manpower

APPENDIX

Table 1: Wage Changes in 2014 and 2015

	2014	2015
Total Wages (including employer CPF contributions)		
- Nominal	4.9 %	4.9%
- Real	3.9 % (3.7 %)	5.4% (4.8%)
Basic Wages		
- Nominal	4.9 %	4.2%
- Real	3.9 % (3.7 %)	4.7% (4.1%)
Annual Variable Component (i.e. bonuses)	2.21 months of basic wages	2.17 months of basic wages

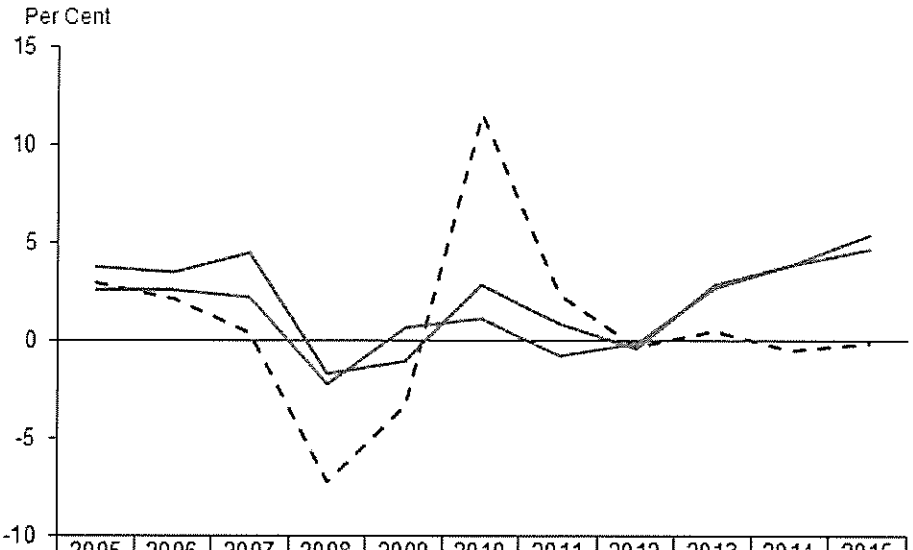
Source: Survey on Annual Wage Changes, Manpower Research and Statistics Department, MOM

Notes:

(1) Real wage changes are deflated by Consumer Price Index (CPI) for all items at 2014 prices (2014=100). Figures in brackets are deflated by CPI less imputed rentals on owner-occupied accommodation at 2014 prices (2014=100).

(2) Total wages (including employer CPF contributions) comprise basic wages, annual variable component (i.e. bonuses) and estimates of employer CPF contributions. Basic wages and annual variable component (i.e. bonuses) exclude employer CPF contributions.

Figure 1: Annual Change in Productivity and Real Wages, 2005-2015



	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
- - - Labour Productivity	3.0	2.1	0.4	-7.2	-3.3	11.6	2.3	-0.3	0.5	-0.5	-0.1
—— Real Total Wages (incl. employer CPF contributions)	3.8 (3.7)	3.5 (3.4)	4.5 (4.4)	-1.7 (-0.6)	-1.0 (0.0)	2.9 (2.4)	0.9 (1.9)	-0.4 (0.6)	2.9 (3.4)	3.9 (3.7)	5.4 (4.8)
—— Real Basic Wages	2.6 (2.5)	2.6 (2.5)	2.2 (2.1)	-2.2 (-1.1)	0.7 (1.7)	1.1 (0.6)	-0.8 (0.2)	-0.1 (0.9)	2.7 (3.2)	3.9 (3.7)	4.7 (4.1)

Sources: Survey on Annual Wage Changes, Manpower Research and Statistics Department, MOM
Department of Statistics, MTI (For Productivity Data)

Notes:

(1) Real wage changes are deflated by Consumer Price Index (CPI) for all items at 2014 prices (2014=100). Figures in brackets are deflated by CPI less imputed rentals on owner-occupied accommodation at 2014 prices (2014=100).

(2) Total wages (including employer CPF contributions) comprise basic wages, annual variable component (i.e. bonuses) and estimates of employer CPF contributions. Basic wages exclude employer CPF contributions.