

NATIONAL WAGES COUNCIL (NWC) 2021/2022 GUIDELINES

KEY RECOMMENDATIONS FOR 1 DEC 2021 – 30 NOV 2022

01 | WAGES SHOULD MOVE IN TANDEM WITH PACE OF BUSINESS RECOVERY AND BE BASED ON FLEXIBLE WAGE SYSTEM

With our economy on track towards recovery, the NWC recognises the contributions of employers and employees in sustaining businesses and saving jobs, and calls on employers to ease exceptional wage policies put in place earlier. At the same time, the NWC recognises that recovery has been uneven across sectors.




The sharp impact of COVID-19 has underscored the need for resilience and wage flexibility. **All employers should adopt the Flexible Wage System ("FWS").**






To help employers and employees better understand how the FWS works and how to implement it, the NWC has published a FWS Guidebook which can be accessed at go.gov.sg/fwsguidebook

The NWC sets out the following wage guidelines for all employers:

EMPLOYERS THAT HAVE RECOVERED OR ARE RECOVERING SHOULD (IN ORDER OF PRIORITY):

-  Restore wage cuts implemented earlier. Fixed wage components should be restored first, followed by variable wage components.
-  Roll back wage-related cost-saving measures (e.g. shorter work week).
-  For employers that are doing well, grant built-in wage increases and variable payments.
-  Roll back discretionary cost-saving measures (e.g. cuts in allowances).

EMPLOYERS THAT CONTINUE TO BE ADVERSELY IMPACTED BY COVID-19 SHOULD:

-  Tap on Government support measures to accelerate business and workforce transformation, and to retain, retrain and redeploy employees.
-  Consider non-wage cost-saving measures and endeavour to pay the Annual Wage Supplement.
-  Implement temporary wage cuts to minimise retrenchments if the above measures have been exhausted.

02

ENSURING SUSTAINED WAGE GROWTH FOR LOWER-WAGE WORKERS

COVID-19 has highlighted the essential nature of many of our lower-wage workers' work and their precarity. As a society, we must uplift our lower-wage workers and ensure that economic growth is inclusive and benefits all Singaporeans.



To ensure that wages of lower-wage workers grow faster than the median wage level, **employers should provide a built-in wage increase of 4.5% to 7.5% of gross wages or \$70 to \$90, whichever is higher, for workers earning a gross monthly wage of up to \$2,000.**

Gross monthly wage refers to the sum of basic monthly wage, overtime payments, commissions, allowances, and other regular cash payments.

Employers who are:



Doing well and have experienced healthy revenue growth even during the COVID-19 period should aim for the upper bound of the range.



Recovering or have recovered may aim for the lower to middle segments of the range.



Freezing or continuing to freeze wages should consider a built-in wage increase of up to \$50 for lower-wage workers instead.



Implementing further wage reduction should implement a wage freeze for lower-wage workers instead.

03

FORGE AHEAD IN TRANSFORMING JOBS AND UPSKILLING WORKFORCE

Tripartite partners should take decisive steps to **transform jobs and upskill the workforce**, so as to emerge stronger. The support from employees on skills upgrading and productivity improvement efforts plays an important role in helping to sustain wage increases over time without affecting our economic competitiveness.



All employers should offer structured training for their employees. Work with NTUC to establish Company Training Committees to build up in-house workplace learning capabilities.



Employers, together with their employees, must innovate and implement productivity initiatives, and work towards better wages and skills.



Employees should support their employers in workforce and business transformation efforts.

