

## FACTSHEET ON FOREIGN WORKFORCE POLICY ANNOUNCEMENTS AT COS 2020

The Ministry of Manpower will be making foreign workforce policy changes to:

- Ensure that job openings are not restricted to “closed circles of friends”;
- Encourage companies to develop a strong local core of skilled workers as industries transform; and
- Maintain the effectiveness of foreign workforce controls.

Details of the changes are below.

### (A) UPDATE FAIR CONSIDERATION FRAMEWORK (FCF) JOB ADVERTISING REQUIREMENT

Employers are required to advertise job vacancies on MyCareersFuture.sg for at least 14 days before submitting Employment Pass (EP) applications. Currently, employers are required to advertise if they have at least 10 employees and for job positions paying a fixed monthly salary of less than \$15,000.

2. From 1 May 2020, MOM will expand the FCF job advertising requirement. The following will be required to advertise job vacancies on MyCareersFuture.sg before submitting EP applications:

- a. Companies with at least 10 employees; and
- b. Job positions paying a fixed monthly salary of less than \$20,000. Job positions paying between \$15,000 to below \$20,000 will no longer be exempted from the FCF job advertising requirement.

### (B) REDUCE CONSTRUCTION, MARINE SHIPYARD, AND PROCESS S PASS SUB- DEPENDENCY RATIO CEILING (SUB-DRC)

Changes will be made to the S Pass sub-DRC or S Pass quota for the Construction, Marine Shipyard, and Process sectors. Businesses are encouraged to build a strong local core instead of relying on low-cost foreign workers, especially when qualified locals are available.

2. The S Pass sub-DRC cuts will only affect firms with higher reliance on S Pass holders. A sizeable majority of firms (4 in 5) that hire foreign workers will not be affected since they operate below the 15% S Pass sub-DRC. The affected firms can choose to let go of their excess workers or hire more locals. The S Pass sub-DRC will be reduced in two steps over three years to give more time for affected businesses to adjust:

|   | From 1 Jan 2021 | From 1 Jan 2023 |
|---|-----------------|-----------------|
| <b>S Pass sub-DRC for Construction, Marine Shipyard and Process sectors</b> | 18%             | 15%             |

4. After 1 Jan 2021 and 1 Jan 2023, if firms still exceed the new S Pass sub-DRC, MOM will allow firms to retain the excess S Pass holders until pass expiry, to avoid disruption to existing operations. However, these firms will not be allowed to hire new S Pass holders or renew their existing S Pass holders, until they come within the new sub-DRC.
5. The Government will support firms that are willing to transform and develop a local pipeline:
  - a. Firms can have training costs defrayed if they hire fresh polytechnic and ITE graduates through the [SkillsFuture Work-Study Programme](#).
  - b. Firms can receive salary support if they tap on programmes under the [SkillsFuture Mid-Career Support Package](#), such as PCPs for mid-career switchers. Firms who recruit, train, and retain workers aged 40 and above through selected reskilling programmes will receive additional salary support over 6 months.
  - c. Firms that need more help to transit into the new S Pass sub-DRC can apply for transitional manpower support under the [Lean Enterprise Development \(LED\) Scheme](#). Firms should submit a concrete transformation plan, and we will prioritise firms that step forward early.

### **(C) RAISE LOCAL QUALIFYING SALARY (LQS) THRESHOLD FOR THE CALCULATION OF THE FOREIGN WORKER QUOTA**

The [Local Qualifying Salary \(LQS\)](#) threshold determines the number of locals that can be used to calculate a firm's quota to hire S Pass and Work Permit holders. Currently, a local worker who earns a monthly salary of \$1,300 counts towards a firm's quota. Two locals who earn at least half the LQS but below the LQS threshold (i.e. two locals with a gross monthly salary of between \$650 and \$1,300) can be counted as one local for the purposes of the quota computation.

2. The LQS threshold is regularly updated to ensure that local workers are employed meaningfully, rather than being employed on token salaries to allow the employer access to foreign workers. In addition, this ensures that the Dependency Ratio Ceilings (DRC) or foreign worker quotas remain effective and are not eroded as local incomes rise.
3. Given rising income levels, from 1 July 2020, the LQS threshold will be raised from \$1,300 to \$1,400. The half-LQS threshold will correspondingly be adjusted from \$650 to \$700.

### **(D) UPDATE TO EMPLOYMENT PASS SALARY CRITERIA**

MOM requires Employment Pass (EP) applicants to meet salary criteria that take reference from the salaries of locals with similar experience and seniority. This is why older and more experienced candidates need to command higher salaries in order to qualify for an EP. We regularly update the EP salary criteria, and last raised the EP minimum qualifying salary in 2017 from \$3,300 to \$3,600 per month.

2. The EP minimum qualifying salary will be raised from \$3,600 to \$3,900 per month, in line with the improving wages of fresh graduates of local autonomous universities. Only candidates who can command a monthly salary of \$3,900 or more, will be considered for an EP. The qualifying salaries for older and more experienced EP candidates will also be raised in tandem. For example, an EP applicant in his early 40s will need to earn around double the new minimum qualifying salary of \$3,900. This is only fair, considering the skill sets that he or she is expected to have, and helps to ensure a level playing field for experienced local PMETs in their 40s and 50s.

3. The new EP salary criteria above will apply to new EP applicants from 1 May 2020. However, for EP renewals, they will apply one year later, from 1 May 2021. This staggered approach will moderate the impact on businesses. With these changes, employers should continue to ensure that they have fair and merit-based pay practices, in line with the [Tripartite Guidelines on Fair Employment Practices](#).

4. Employers are encouraged to use the [Self-Assessment Tool \(SAT\)](#) on the MOM website to assess if their EP candidates will meet the new salary criteria. The SAT will be updated by April 2020.