MINISTRY OF MANPOWER

FACTSHEET

FOREIGN WORKFORCE POLICY ANNOUNCEMENTS AT COS 2024

The Ministry of Manpower (MOM) will be updating our foreign workforce policies to:

- Maintain a high quality and complementary foreign workforce;
- Support industry transformation to achieve a more productive, manpower lean foreign workforce and create better jobs for locals; and
- Uplift lower-wage workers and maintain the effectiveness of foreign workforce controls.

Details on the updates to our foreign workforce policies are outlined below.

REVISE EMPLOYMENT PASS QUALIFYING SALARY FROM 2025

2. The benchmark for the Employment Pass (EP) qualifying salary is based on the top one-third of local PMET[1] wages, to ensure that EP holders are of high quality. The EP qualifying salary is reviewed annually against the benchmark. In line with how the benchmarks have moved, we will be increasing the EP minimum qualifying salary from $5,000 to $5,600 per month. The qualifying salary will continue to increase progressively with age, up to $10,700 for a candidate in their mid-40s. This maintains a level playing field for locals across all age groups.

3. For the Financial Services sector which has higher wage norms, a higher EP qualifying salary will continue to apply. The EP minimum qualifying salary for the Financial Services sector will be raised from $5,500 to $6,200 per month. This will also continue to increase progressively with age, up to $11,800 for a candidate in their mid-40s.

4. The revised EP qualifying salary will apply to new EP applications from <u>1 January 2025</u>, and to renewal applications from <u>1 January 2026</u>. This will provide businesses more time to adjust to the changes.

5. Details of the revised EP qualifying salary, as well as regular updates to the Complementarity Assessment Framework criteria, will be published on MOM's website in March 2024.

UPDATES TO MARINE SHIPYARD SECTOR FOREIGN WORKFORCE POLICIES

6. To nudge the sector to pivot to more productive and resource-efficient activities, the Ministry of Manpower (MOM), Ministry of Trade and Industry (MTI), Economic Development Board (EDB) and Enterprise Singapore (ESG) will make the following policy changes for the Marine Shipyard sector:

[1] Professionals, Managers, Executives and Technicians.

a) Reduce the Dependency Ratio Ceiling (DRC)[2] from 77.8% to 75% (or from a ratio of 1 local employee to 3.5 Work Permit Holders (WPHs), to 1 local employee to 3 WPHs);

b) Increase the levy from $400 to $500 for 'Basic Skilled' R2 WPHs, and $300 to $350 for 'Higher Skilled' R1 WPHs.

7. Firms will be given time to adjust. These changes will take effect from **1 January 2026.** There are also several government initiatives to support sector transformation, for more information please refer to MTI's factsheet on transforming the Marine & Offshore Engineering industry at COS 2024.

8. To minimise business disruptions, firms exceeding the new DRC on 1 January 2026 will be allowed to retain their existing WPHs and S Pass holders until the work passes expire. However, these firms will not be able to renew, or apply for new WPHs and S Pass holders, until they bring their firm's workforce within the new DRC of 75% (1:3). Firms are encouraged to plan ahead for the changes. The new levy rates will apply to all WPHs, including existing WPHs, from 1 January 2026.

RAISE LOCAL QUALIFYING SALARY (LQS) THRESHOLD

9. As part of our Progressive Wages moves, firms hiring foreign workers are required to pay all their local workers at least the LQS. The number of local workers paid the LQS is used to determine the firm's foreign worker quota entitlement.

10. The LQS is regularly reviewed to keep pace with wage growth, to continue to uplift lower-wage workers and maintain foreign workforce controls.

11. The Government will raise the LQS from $1,400 to $1,600 per month. Firms hiring foreign workers will have to pay all their local workers at least the LQS (or Progressive Wage Model wages where applicable):

a) At least $1,600 per month for full-time local workers; or

b) At least $10.50 per hour for part-time local workers.

12. Foreign worker quota computation will correspondingly be adjusted with the new LQS:

a) 1 local workforce count: Per local worker who is paid at least $1,600 per month; or

b) 0.5 local workforce count: Per local worker who is paid at least $800 but less than $1,600 per month.

13. These changes will be implemented from 1 July 2024. For more information, please visit **go.gov.sg/lqs**.

[2] S Pass holders are subjected to a tighter S Pass sub-DRC of 15% and will also count to the overall DRC.

Frequently Asked Questions (FAQs)

Q1: Against the backdrop of increasing business costs, why is MOM increasing the EP qualifying salary now?
The EP qualifying salary is benchmarked to the of top one-third of local PMET wages. It does not lead market wages, but is simply adjusted in line with prevailing wage norms. We do this to ensure that EP holders are of high quality, and to maintain a level playing field for locals. The majority of EP holders will not be impacted by this update, as they already earn above the new qualifying salary. MOM is also giving businesses more time to adjust, given concerns on the rising costs of manpower and constraints in hiring. We are announcing these changes almost a year ahead of implementation. The revised EP qualifying salary will only apply to new applications from 1 Jan 2025, and to renewal applications from 1 Jan 2026.

Q2: Why is MOM reducing the Marine Shipyard sector's DRC and increasing the levy?
This is part of our efforts to optimise our allocation of resources across the economy and achieve sustainable economic growth. We see an opportunity to transform the sector to ensure it remains productive, globally competitive, and well-positioned to leverage new growth opportunities amidst the global energy transition. This necessitates a rethink of the sector's operating models, to shift towards higher-skilled and higher-value activities. The FW moves are intended to spur the industry in this direction. MOM is announcing these moves 2 years ahead of implementation from 1 January 2026 to give firms sufficient lead time to transform. We will work closely with the industry through this transition, and will provide the necessary transitional support for companies to fulfil pre-committed orders. While the increases in levy may exert some cost and resource pressures on businesses, these adjustments are necessary for a successful transformation. We stand ready to work with companies to transform their business and operating models, so that they may become more productive, competitive and sustainable in the long run. For more information on the Government's initiatives to support sector transformation, please refer to MTI's factsheet on transforming the Marine & Offshore Engineering industry at COS 2024.

Q3: Why is MOM increasing the Local Qualifying Salary (LQS) now?
The LQS is regularly reviewed to keep pace with wage growth, maintain the effectiveness of foreign workforce controls and ensure that our lower-wage workers continue to be uplifted alongside the rest of Singapore. In fact, we have raised the LQS four times since 2017, with the last increase to $1,400 taking place in 2020. We did not raise LQS from 2021 to 2023, to give employers that hire foreign workers time to comply with the new LQS requirement. We recognised that this new LQS requirement would have significant impact on most employers across all sectors. Many of these employers would also have to adjust to the expanded Progressive Wage measures that were introduced at the same time.

Q4: How does MOM ensure the impact of raising LQS is wearable amid other business cost increases?
Even as we support our lower-wage workers, we are aware that employers face uncertain economic conditions. Hence, in 2022, the Government introduced the Progressive Wage Credit Scheme, or PWCS, to co-fund the wage increases that employers give to their employees. PWCS provides transitional support for employers to adjust to new PWM and LQS requirements, and encourages voluntary wage increases for lower-wage workers. As announced at Budget 2024, the Government will further enhance PWCS this year to help employers cope with PWM and LQS increases amid a more challenging economic environment.