



# PROGRESS THROUGH SOLIDARITY & DYNAMISM

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TRIPARTITE WORKGROUP  
ON LOWER-WAGE WORKERS REPORT

# 18 KEY RECOMMENDATIONS FROM THE TRIPARTITE WORKGROUP ON LOWER-WAGE WORKERS

## 01 | REFRESH OUR PROGRESSIVE WAGE (PW) APPROACH AND COVERAGE

- 1 Expand new Sectoral PW to Retail (Sep 2022), Food Services (Mar 2023) and Waste Management (\*2023)
- 2 Extend existing Cleaning, Security and Landscape Progressive Wage Models (P武Ms) to in-house workers (Sep 2022)
- 3 Introduce new Occupational PW to Administrators and Drivers (Mar 2023)
- 4 Require firms employing foreign workers to pay at least the Local Qualifying Salary (LQS) to all local workers
- 5 Convert PW and LQS to fair hourly rates for those working part-time or overtime
- 6 Ensure Baseline PW growth for workers at the 20<sup>th</sup> percentile outpaces median wage growth
- 7 Scope for wage growth of lower-wage workers to outpace productivity

## 02 | LEVERAGE OUR INSTITUTIONS TO ENSURE SUSTAINED WAGE GROWTH

- 8 The National Wages Council to set annual guidance for PW growth
- 9 Firms employing foreign workers to pay at least the Sectoral or Occupational PW to all applicable local workers
- 10 Leverage Work Pass system to ensure employers pay PW and LQS for access to foreign workers
- 11 In the long-term, express PW in gross terms

## 03 | PROMOTE WHOLE-OF-SOCIETY SUPPORT TO UPLIFT LOWER-WAGE WORKERS

- 12 Government to regularly review Workfare
- 13 Government to provide transitional support for employers
- 14 Employers to advance the well-being of lower-wage workers
- 15 Establish a new Tripartite Standard on Advancing Lower-Wage Workers' Well-Being
- 16 Establish a new Progressive Wage Mark ("PW Mark") to recognise firms that pay PW. Confer "PW Mark Plus" to firms that also advance lower-wage workers' well-being
- 17 Public and private sector buyers to require suppliers to obtain the PW Mark
- 18 Grow the Alliance for Action for Lower-Wage Workers

### PROGRESSIVE WAGES TO COVER UP TO 94% OF FULL-TIME LOWER-WAGE WORKERS



\*exact month to be determined.

# CONTENTS

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<b>3</b>	Executive Summary
<b>15</b>	Chapter 1: The Singapore Way Thus Far
<b>27</b>	Chapter 2: Approach of the Tripartite Workgroup
<b>31</b>	Chapter 3: Framework
<b>51</b>	Chapter 4: Institutions
<b>57</b>	Chapter 5: Support
<b>69</b>	Chapter 6: Roadmap
<b>73</b>	Appendices

25 August 2021

Mrs Josephine Teo  
Minister for Communications and Information  
Advisor to Tripartite Workgroup on Lower-Wage Workers

Dr Tan See Leng  
Minister for Manpower  
2<sup>nd</sup> Minister for Trade and Industry

Dear Ministers,

## **REPORT OF THE TRIPARTITE WORKGROUP ON LOWER-WAGE WORKERS**

In October last year, the Tripartite Workgroup on Lower-Wage Workers was convened to chart the way forward to further uplift the wages and well-being of our lower-wage workers.

2 I am pleased to present the Report of the Tripartite Workgroup. The Workgroup found that our lower-wage workers experienced significant progress over the past decade. Setting aside the effects of the COVID-19 pandemic, which affected their incomes more significantly, their wage growth had surpassed the median over this period. The pandemic has underscored the essential nature of the work they carry out. A holistic consensus on the way forward for workers and businesses will ensure that they can emerge stronger together with the rest of Singapore.

3 Over the past 10 months, the Workgroup has consulted extensively with more than 1,800 individuals from unions, employers, members of the public and lower-wage workers themselves.

4 The Workgroup proposes 18 recommendations in three key areas. First, expand our Progressive Wage framework to cover the vast majority of our lower-wage workers within the next two years. Second, accelerate and sustain Progressive Wage growth over the next decade to ensure our lower-wage workers gain ground on the median. Third, garner whole-of-society support to uplift lower-wage workers and advance their well-being.

5 It has been a privilege to work in solidarity with our tripartite partners to arrive at a consensus and develop these recommendations. They will bring about progress for our lower-wage workers through sustained wage growth. At the same time, they will maintain dynamism in our economy through thriving businesses and better jobs.

6 We are confident that our roadmap will achieve our vision of a strong social compact and make our society a more inclusive one, where workers who put in hard work can earn a decent living to provide for their family, own their home, and save for their retirement.



**Zaqy Mohamad**

Chairman, Tripartite Workgroup on Lower-Wage Workers

Senior Minister of State, Ministry of Manpower and Ministry of Defence

## TRIPARTITE WORKGROUP MEMBERS:

### UNION REPRESENTATIVES



**Mr Chee Hong Tat**  
Deputy  
Secretary-General  
National Trades Union  
Congress (NTUC)



**Dr Koh Poh Koon**  
Deputy  
Secretary-General  
NTUC (until May 2021)



**Mr Thuvinder Singh  
Bachan Singh**  
Member, NTUC  
Central Committee  
General Secretary,  
Union of Telecoms  
Employees of Singapore



**Mr Lim Wen Sheng**  
Member, NTUC  
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Deputy General  
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**Mr Mohd Fahmi  
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Director, Operations  
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**Ms Yeo Wan Ling**  
Director, U SME  
Director, Women and  
Family Unit  
NTUC

### EMPLOYER REPRESENTATIVES



**Mr Douglas Foo**  
Vice President  
Singapore National  
Employers Federation  
(SNEF)



**Mr Felix Loh**  
Deputy Honorary  
Secretary  
SNEF



**Ms Tan Hwee Bin**  
Deputy Honorary  
Treasurer  
SNEF



**Mr Kuah Boon Wee**  
Council Member  
SNEF



**Mr T Mogan**  
Council Member  
SNEF



**Ms Goh Swee Chen**  
Former Core Committee  
Chairman, Sustainable  
Employment  
Singapore Business Federation

### GOVERNMENT REPRESENTATIVES



**Mr Aubeck Kam**  
Permanent Secretary  
Ministry of Manpower



**Mr Png Cheong Boon**  
Chief Executive Officer  
Enterprise Singapore



**Mr Han Neng Hsiu**  
Deputy Secretary (Development)  
Ministry of Finance



MINISTER  
MINISTRY OF MANPOWER  
SINGAPORE

27 August 2021

Dear *Chairman and Members*

Thank you for your letter of 25 August 2021 submitting the final report of the Tripartite Workgroup on Lower-Wage Workers.

2 Uplifting our lower-wage workers has always been a priority of the Government. Policies such as Workfare and the Progressive Wage Model have supplemented their incomes and provided them with job and training progression pathways. As a result, our lower-wage workers have enjoyed good wage growth over the last decade and progressed faster than the median worker.

3 Even as we help our lower-wage workers with the immediate challenge of coping with COVID-19, it is timely that we look to strengthen their prospects and progression for the long-term. To this end, we sought the support of NTUC's Secretary-General and SNEF's President in October 2020 to set up this Workgroup.

4 We commend the Workgroup on its meaningful and impactful recommendations. They will expand coverage of Progressive Wages to the vast majority of our lower-wage workers within the next two years. Strong wage growth will then be sustained in this decade to bring them closer to the median. The Workgroup sought to maintain a delicate balance between helping our lower-wage workers progress as fast as possible and sustaining businesses. It also recognised the strong societal support needed and provided thoughtful recommendations to rally Singaporeans towards this worthy goal.

5 The Government accepts all the 18 recommendations by the Workgroup. The Government and the Ministry of Manpower in particular, will continue to work closely with our tripartite partners and other stakeholders to implement the recommendations. When successfully carried out, they will help our lower-wage workers experience sustained wage growth and career progression, in tandem with their efforts to upskill and build experience in their jobs.

6 On behalf of the Government, we thank you for your hard work and great efforts, including the extensive engagement of multiple stakeholders. In the short span of time, the Workgroup has built strong consensus for action and further cemented the value of tripartism in Singapore. We look forward to collectively realising the vision of Progress through Solidarity and Dynamism.

Yours sincerely,

**Josephine Teo**

Minister for Communications and Information  
Advisor to Tripartite Workgroup on Lower-Wage Workers

**Tan See Leng**

Minister for Manpower  
2<sup>nd</sup> Minister for Trade and Industry



## FORMATION OF TRIPARTITE WORKGROUP ON LOWER-WAGE WORKERS

For over a decade, the Government and tripartite partners have led a concerted effort to uplift lower-wage workers, including reviewing the Workfare Income Supplement scheme regularly, implementing the Progressive Wage Model, and introducing the Workcare initiative.

To further strengthen these efforts, the tripartite partners recognised the need to come together to holistically examine lower-wage worker issues. With the support of NTUC's Secretary-General Ng Chee Meng and SNEF's President Robert Yap, then-Minister for Manpower Josephine Teo led the Ministry to set up the Tripartite Workgroup on Lower-Wage Workers in October 2020, with the three leaders acting as Advisors to the Workgroup.

The Workgroup completed its task in record time – a typical Tripartite Workgroup would take about 15 months or so to complete its work. But with clear leadership from the Advisors and strong resolve among Workgroup members and tripartite partners, this Workgroup took just 10 months to complete its work, covering significant ground to propose a comprehensive set of recommendations to expand the Progressive Wage approach substantially, accelerate lower-wage workers' wage growth over the next decade, and garner societal support for these measures.

The Workgroup would like to express its appreciation to the Advisors for their strong leadership and contributions to this meaningful effort.



Tripartite Leaders' meeting on 11 Oct 2020, leading to the Workgroup's formation.







# EXECUTIVE SUMMARY

# EXECUTIVE SUMMARY

1. Our vision is to strengthen our social compact in Singapore. Everyone enjoys the fruits of growth together. No worker is left behind as Singapore progresses. Our lower-wage workers see strong wage growth and **progress** along with other workers. Employers, workers, government and society stand in **solidarity**, each doing our part to support one another. Our economy remains **dynamic** – businesses thrive and create good jobs that uplift our lower-wage workers.

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2. To this end, together with efforts to transform our economy, we should:
  - a. Refresh our Progressive Wage approach and coverage
  - b. Leverage our institutions to ensure sustained wage growth
  - c. Promote whole-of-society support to uplift our lower-wage workers and advance their well-being
3. Many workers earning lower wages are engaged in job roles essential to our daily lives. They help to keep our environment clean, safeguard our lives and properties, serve us when we enjoy a meal out, and ensure our society and economy function smoothly. In times of crisis, lower-wage workers, who commonly work on the frontline, also bear the brunt of income losses and risks to their safety and health. The COVID-19 pandemic has shone the spotlight on the essential nature of their work, as well as their precarity.
4. Uplifting these workers is our collective responsibility as a society. Employers need to pay workers meaningful wages and provide a better working environment. Workers need to adopt the right mindset and be ready to adapt, learn new skills and take on different responsibilities. The Government must support both employers and workers in these efforts. Service buyers and consumers need to be prepared to pay more for goods and services. Society must appreciate and respect workers in all trades.
5. These collective efforts will make our society a more inclusive one, where workers are able to progress with a sense of dignity regardless of where they start, and all Singaporeans can earn a decent living to provide for their family, own their home, and save for their retirement.



## INTRODUCTION

6. Over the past decade or so, Singapore has made **significant progress in raising wages and supporting the livelihoods of lower-wage workers.**<sup>1</sup> The tripartite partners introduced many initiatives. These include:
- a. Workfare Income Supplement (2007);
  - b. Workfare Training Support<sup>2</sup> (2010);
  - c. Dedicated guidance by the National Wages Council to uplift their wages (2012);
  - d. Workright to protect their employment rights (2012);
  - e. Mandatory Progressive Wage Model (PWM) in the Cleaning sector (2014) followed by the Security, Landscape Maintenance and Lift sectors; and
  - f. Workcare to improve work environment and strengthen public appreciation (2019).
7. Together with efforts to grow our economy and create good jobs for our lower-wage workers, these measures have produced good outcomes. In particular, their wage growth has been significant. Real income of our local workers at the 20<sup>th</sup> percentile have risen by almost 40%<sup>3</sup> between 2009 and 2019 – **faster than that of the median worker.** However, when compared to workers earning median wages, there is room for them to gain further ground.<sup>4</sup>

## TRIPARTITE WORKGROUP ON LOWER-WAGE WORKERS

8. To provide a stronger uplift for our lower-wage workers, we need to **refresh our approach, building on the success of the PWM.** The Tripartite Workgroup on Lower-Wage Workers recognises the Government's ambition to have some form of Progressive Wages in all sectors of the economy.
9. In October 2020, the Ministry of Manpower convened the Tripartite Workgroup on Lower-Wage Workers ("Workgroup") to evolve the long-term strategy to support our lower-wage workers. The Workgroup's terms of reference were to:
- a. Ensure wage growth in mandatory PWM sectors continue to outpace median wage growth;
  - b. Significantly increase the number of lower-wage workers covered by PWMs;
  - c. Offer Progressive Wages in occupations not covered by the mandatory PWMs;
  - d. Recognise and promote stronger societal support for firms that pay Progressive Wages; and
  - e. Advance the well-being of lower-wage workers.
10. **The Workgroup consulted extensively and benefited from the diverse views of stakeholders.** Collectively with the tripartite partners, it engaged more than 1,800 stakeholders, including employer representatives, union leaders, HR professionals, SME employers, representatives from trade associations and chambers of commerce, members of public and lower-wage workers themselves.

<sup>1</sup>Unless further specified, "lower-wage workers" in this report refers to full-time resident employees earning a gross monthly income from work (excluding employer Central Provident Fund (CPF) contributions) up to and including the 20<sup>th</sup> percentile income level of full-time employed residents (excluding employer CPF contributions), which is \$2,033 in June 2020.

<sup>2</sup>Since July 2020, Workfare Training Support has been enhanced to Workfare Skills Support.

<sup>3</sup>Gross monthly income (including employer CPF) of full-time employed residents at P20, deflated by Consumer Price Index for all items at 2019 prices (2019=100). Source: Comprehensive Labour Force Survey, MRSD, MOM

<sup>4</sup>Compared with other advanced economies, our ratio of full-time income at the 20<sup>th</sup> percentile to median is lower.

## COMMITMENT TO ACHIEVE PROGRESS THROUGH SOLIDARITY AND DYNAMISM

11. Through the Workgroup's consultations and deliberations, three points of consensus emerged.
12. First, **progress** is achieved when lower-wage workers continue to see wage growth and career progression, in tandem with their efforts to upskill and deepen their job experience. Employers will also progress when they continue to pursue productivity measures and grow their businesses. This is a win-win prospect – employers provide jobs of better quality with higher wages to their workers, while workers are better able to contribute to their employers' business success.
13. Second, such progress can be achieved when all stakeholders work together in the spirit of **solidarity**, so that everyone progresses and enjoys the fruits of growth together. Through tripartism, employers and unions support the advancement of lower-wage workers through good and tough times. For example, the National Wages Council (NWC) makes annual recommendations on wages in line with the economic outlook, including specific recommendations for lower-wage workers. NWC will call for higher increments in good years, and urge restraint to safeguard employability during economic downturns. The Government also plays a critical role in providing support to businesses and workers, and supplements the incomes of lower-wage workers.
14. Members of society should commit to and support this effort as well, by showing appreciation to workers who provide a service to us as cleaners, waiters, drivers, etc. As consumers, we should demonstrate solidarity by being willing to pay more for the goods and services we consume, if this means the workers can take home better pay for their families and enjoy a higher standard of living. This is a small price that each of us can pay for greater social cohesion.
15. Third, progress is sustained only with continued **dynamism** in our economy. Thriving businesses help to create better jobs and raise living standards. Conversely, economic stagnation and lacklustre businesses adversely impact workers, more so for vulnerable segments. We must therefore avoid inadvertently harming the prospects for workers or risk widespread job losses through rapid loss of business competitiveness or viability.

## SUMMARY OF RECOMMENDATIONS

16. The Workgroup studied macroeconomic trends and international practices, reviewed past and current initiatives, and examined the profile and distribution of our lower-wage workers. **It achieved tripartite consensus to uplift these workers in a way that maximises their employment outcomes and is also sustainable for businesses.** With the impact of COVID-19 looming large, the Workgroup agreed that further measures to uplift lower-wage workers should be implemented in phases, taking into account their overall impact.
17. After carefully considering the concerns of businesses and workers, the Workgroup made a total of **18 recommendations** in three key areas:

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# 7

recommendations to refresh our Progressive Wage approach and coverage and boost wages to gain ground with the median ("Framework" – Chapter 3);

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# 4

recommendations to leverage our institutions to ensure sustained wage growth ("Institutions" – Chapter 4); and

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# 7

recommendations to garner whole-of-society support to advance their well-being and uplift them ("Support" – Chapter 5).

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## REFRESHING OUR PROGRESSIVE WAGE APPROACH

18. Between 2014 and 2019, with PWM in place, the real median gross wages for workers in the Cleaning, Security and Landscape Maintenance sectors grew at a cumulative rate of 31% on average.<sup>5</sup> This outpaced cumulative real median wage growth of 21% over the same period.
19. The tripartite approach of achieving consensus on wage increments at the sectoral level ensures that sector-specific circumstances are considered. This not only results in regular wage increases for workers across the sector, but also ensures that cost increases are sustainable for businesses.
20. Unlike a single minimum wage point, the PWM's ladders differentiate jobs based on the training and skills required. Higher wages on the upper rungs generally reflect increased responsibilities and requirements expected of workers.
21. The success of the PWM affirms the relevance of our Progressive Wage approach. Despite the COVID-19 pandemic, tripartite partners were still able to agree on significant PWM wage progression until 2028 for workers in sectors such as Cleaning, Landscape Maintenance, and Lift & Escalator. In other developed countries that use a single minimum wage, wages of such workers would have been held back by poor performance in the general economy. However, existing PWMs cover 10% of our 283,000 full-time lower-wage workers. We should expand it faster to cover as many of our lower-wage workers as possible.
22. First, we should expand our Progressive Wage approach to other suitable sectors. These include those that have a higher number or concentration of lower-wage workers, and in which stakeholders can be represented effectively for meaningful tripartite discussions to take place. By starting with the **Food Services, Retail and Waste Management sectors**, we will cover 28,000 or 10% of our full-time lower-wage workers.
23. Second, we should extend PWM to **cleaners, security officers and landscape maintenance workers employed directly in-house** for such roles, rather than through outsourced vendors. This will cover another 24,000 or 8% of our full-time lower-wage workers.
24. Third, a large number of lower-wage workers are also found in **occupations that do not fall neatly within a sector but across multiple industries**, such as administrators.<sup>6</sup> There is no single sectoral employer or worker organisation that can represent their interests or negotiate on their behalf for deliberate occupational wage increases. As these workers are found in diverse sectors and job roles, there are also no customised skills frameworks to reference. The Progressive Wage approach should be adapted to uplift these workers too, starting with **administrators and drivers**. This will cover another 55,000 or 19% of our full-time lower-wage workers.
25. Fourth, to extend Progressive Wages to all sectors without creating an overly complicated system, **we will require all firms that employ foreign workers to pay their local workers at least the Local Qualifying Salary (LQS)**. This will cover another 99,000 or 35% of our full-time lower-wage workers.

<sup>5</sup> Median monthly gross wages (excluding employer CPF) of full-time resident employees, deflated by Consumer Price Index for all items at 2019 prices (2019=100). Source: Occupational Wage Survey, MRS, MOM.

<sup>6</sup> Administrators include clerks, office cashiers and receptionists, among other occupations.



26. Employers currently do not need to pay the LQS to foreign workers. This will remain so. The Workgroup recognises that employers pay not only the wages of foreign workers, but also their healthcare, accommodation and other related costs arising from their stay in Singapore. The LQS is also a stable benchmark that has been in place for years, set based on an established methodology. It is revised when there are sizeable changes in actual wage outcomes of our lower-wage workers.
27. Firms will be given flexibility to hire locals on different work arrangements without losing foreign worker access as the **prescribed wage levels for LQS would be converted to a fair hourly wage for part-time and overtime work. The same approach for part-time jobs should apply under the Sectoral and Occupational Progressive Wages (PWs)**
28. **Together with the existing PWMs, these four thrusts will expand our Progressive Wage approach to cover 234,000 or more than 8 in 10 (82%) of our full-time lower-wage workers.**<sup>7</sup> In consultation with industry, the Workgroup agreed that these moves should be made over the next few years. There is strong commitment to uplift our lower-wage workers as soon as possible but at a pace that businesses can manage. These moves can be made in two parts, on 1 September 2022 and 1 March 2023. We should be prepared to adjust this timeline if economic conditions take a drastic turn.
29. The remaining full-time lower-wage workers not covered by Progressive Wages (18%) work in firms that do not hire any foreign workers.<sup>8</sup> The vast majority of these workers are employed by firms hiring fewer than 10 workers. They include small family operations such as hawker stalls and heartland shops. In practice, such workers would similarly not be covered by the Minimum Wage systems in some countries. In the US and UK for example, small businesses or family members are exempted from meeting the requirements. Many of such employers in Singapore may still have to raise the wages of their workers to keep pace with the market. This is because the expanded Progressive Wage approach will regularly raise the wages of the vast majority of our lower-wage workers.
30. Besides broadening the scope of Progressive Wages to cover more lower-wage workers, we must ensure that their wages continue to grow at a good pace over the next decade. To gain ground with other workers, the **baseline wage growth of lower-wage workers needs to outpace median growth by a substantial margin**, until they have made sufficient progress.
31. The Workgroup affirms that productivity remains the overarching principle to drive wage growth. However, wages at the bottom are also a reflection of how society perceives the value and worth of these jobs. Furthermore, the productivity of frontline workers is not due solely to the industriousness of the worker, but also reflects the firm's operations and methods of work, which are decisions made by the firm as a whole. To uplift lower-wage workers to gain ground with the median, **wage growth would have to outpace productivity growth at the individual lower-wage worker level. Businesses should continue to enhance their firm-level productivity** to better support wage increases for all their workers. The Government continues to support employers' productivity improvements and employee training to ensure that productivity progresses at both the employee- and firm-levels.



MOM- 5th Discover & Discuss Visit to Jurong Point.

<sup>7</sup>A further 99,000 part-time workers earning up to \$2,033 (i.e. P20 income level of full-time employed residents, excluding employer CPF contributions, in June 2020) will also be covered.

<sup>8</sup>18% is an upper bound as it includes workers for whom there is insufficient data to ascertain whether they work in a firm that hires foreign workers or not.



## RECOMMENDATIONS

### To refresh our Progressive Wage approach and coverage to boost wages to gain ground with median

1. Expand Progressive Wages to new sectors: Retail from 1 September 2022, Food Services from 1 March 2023, and Waste Management from 2023.
2. Extend existing Cleaning, Security and Landscape Progressive Wage Model to in-house workers from 1 September 2022.
3. Introduce new Occupational Progressive Wages to Administrators and Drivers from 1 March 2023.
4. Firms employing foreign workers have to pay at least the Local Qualifying Salary to all local workers from 1 September 2022. This will be so even if the firm has excess foreign worker quota, or the Sectoral or Occupational Progressive Wages do not apply to the firm's local workers.
5. Progressive Wages and Local Qualifying Salary will be converted to fair hourly rates for those working part-time or overtime. This will provide firms flexibility to hire locals on different work arrangements without losing foreign worker access, while ensuring fair wages for workers based on their hours worked.
6. Baseline Progressive Wage growth for workers at the 20<sup>th</sup> percentile should outpace median wage growth, so that lower-wage workers gain ground with the median. Aim for higher than baseline Progressive Wage growth for lower-paid lower-wage workers; and lower than baseline Progressive Wage growth for workers in wage rungs above the 20<sup>th</sup> percentile wage level.
7. Maintain the overarching principle that wages should continue to keep pace with productivity growth, but provide scope for wage growth of lower-wage workers to outpace productivity. As lower-wage workers may be in roles with limited scope for productivity improvement, businesses should continue to enhance their firm-level productivity to better support wage increases for workers.

## LEVERAGING OUR INSTITUTIONS TO ENSURE SUSTAINED WAGE GROWTH

32. The Tripartite Cluster committees for Cleaning, Landscape Maintenance and Lift & Escalator sectors have recently announced substantial wage increments for their workers over the next six years.<sup>9</sup> In particular from 2022 to 2028, a general cleaner can expect to see cumulative increase in basic wages of 84%.
33. This outcome is a testament to the shift in employers' and service buyers' attitudes towards better valuing the work of our lower-wage workers. It also shows the increased confidence in the PWM to uplift the sectors through upskilling and other productivity measures such as technology adoption.
34. **These sectoral Tripartite Clusters remain relevant.** They are well-placed to examine the practices, consider the needs of each sector and make recommendations best suited to their businesses and workers. For example, remuneration structures in the Retail sector rely heavily on variable components to incentivise sales. The Tripartite Cluster for Retail is well positioned to take such industry-specific features into account when formulating wage levels for Retail workers.
35. At the national level, businesses will need guidance on wage growth for lower-wage workers. The **NWC** is a longstanding tripartite platform that provides general guidelines on wage policy, as well as recommended adjustments to wage structure. The NWC is well-positioned to **negotiate and provide national-level guidance on the rate of Progressive Wage growth**, which will also guide the Tripartite Clusters in considering wage increases for their sectors. Given the uncertain economic climate in the next few years, the Progressive Wage growth rate needs to be reviewed and adjusted regularly to ensure that lower-wage workers continue to gain ground on the median while remaining sustainable for employers.
36. As we expand the Progressive Wage approach to include cross-sectoral occupations, in the absence of a representative sectoral body, the **NWC will also be well-placed to guide wage growth for the Occupational PWs, along with skills and training requirements.**



Photo produced by NTUC U Care Centre.

<sup>9</sup>The Tripartite Cluster committee for Security sector will be issuing its wage recommendations in due course.

37. For Progressive Wages to be effective, employers must be motivated to pay the prescribed wage levels. In fact, the majority (82%) of full-time lower-wage workers work in firms that employ foreign workers. The Workgroup therefore recommends that **firms that employ foreign workers should pay at least the relevant Progressive Wages for applicable workers**. This is a reasonable expectation of firms hiring foreign workers.
38. To implement this requirement and to motivate employers to pay the prescribed Progressive Wage levels, the Workgroup recommends leveraging the Ministry of Manpower's **Work Pass system**. Existing PWMs' requirements are tied to the **licensing and registration regimes of their sector agencies – these should continue** and be complemented by the Work Pass lever.
39. Each employer may have to pay multiple prescribed Progressive Wage levels (e.g. a Retail firm has to pay the different wage requirements for its retail assistants, supervisors, stock clerks, drivers and packers). Today, most firms are already familiar with the LQS which is set in gross terms. By and large, most firms also advertise their jobs and the gross wages they pay. Therefore, the Workgroup is of the view that **wage levels for all Progressive Wages should be set in gross terms<sup>10</sup> in the long run**. This would give workers greater certainty of the expected monthly wage for a set of standard working hours. Given that existing PWM wage levels are still set with reference to basic wages, these could be adjusted when their Tripartite Clusters next review them.

## RECOMMENDATIONS

### To leverage our institutions to ensure sustained wage growth

8. The National Wages Council should set annual guidance for Progressive Wage growth and recommend annual wage growth of Occupational Progressive Wages.
9. Firms employing foreign workers have to pay at least the relevant Sectoral or Occupational Progressive Wages to all local workers in applicable job roles.
10. Leverage the Work Pass system to ensure that employers pay Progressive Wages and Local Qualifying Salary before they can access any foreign workers, while complemented by current licensing regimes.
11. In the long-term, express Progressive Wages in gross terms.

<sup>10</sup> Refers to monthly gross wage including variable components such as allowances, commissions and overtime payments.

## WHOLE-OF-SOCIETY SUPPORT TO UPLIFT LOWER-WAGE WORKERS

40. The Government has played a key role in supporting our lower-wage workers over the last decade and should continue to do so in the next.
41. Since 2007, Workfare has been the foundation of the Government's support for lower-wage workers. The Workgroup notes that Workfare is a permanent pillar of social security and that the Government has regularly reviewed its coverage of workers. The Workgroup recommends that the **Government should continue to review Workfare regularly** as Progressive Wages and LQS raise incomes over the next decade, so that workers at the lower end will continue to receive support under Workfare.
42. The Workgroup acknowledges that the Progressive Wage moves are very significant and will be implemented on an accelerated timeline amidst economic uncertainty and impact multiple sectors. Many firms will be affected by more than one Progressive Wage move. The cumulative wage increases over the next decade will be significant and is expected to increase business costs and impact firms' profitability.
43. However, the Workgroup also believes that the Progressive Wage moves are necessary and the whole of society has a role to play to support our lower-wage workers.
44. The Workgroup recommends that the Government provide support to cushion the impact on business costs and give time for firms to adjust. **Transitional support for employers**, in the form of offsets for wage increments, will demonstrate clearly that the Government is committed to supporting employers as well as lower-wage workers.
45. Employers should play their part to raise their overall firm productivity. This would better enable them to pay their lower-wage workers higher Progressive Wages. Even as they do so, they should make suitable adjustments to the distribution of wages paid at the firm level that would reduce the dispersion of wages within the firm. Workers must play their part too by being adaptable and participating actively in training to upskill and increase their individual productivity where possible.
46. Beyond wages, well-being is also important. This is especially so for our lower-wage workers, who engage more frequently in manual work with higher risk of injury. They would also benefit most greatly from upskilling to get onto better jobs. We should therefore ensure that our lower-wage workers have sufficient rest, a safe and healthy work environment, and are supported to participate in training. In this respect, more **standards should be prescribed to guide and encourage employers to advance their lower-wage workers' well-being**.
47. It is also important for society to play a stronger and more active role in supporting responsible firms that pay their lower-wage workers higher Progressive Wages and advance their well-being. In the course of the Workgroup's consultations and engagements, it was clear that there was support and willingness to pay more for goods and services of such firms. But corporate buyers and individual consumers cannot easily identify such employers.

48. A **“PW Mark” accreditation** will help them recognise and support responsible firms that pay Progressive Wages to lower-wage workers. Firms that go further to advance their well-being as well will be recognised by “PW Mark Plus” accreditation. By purchasing from businesses with the PW Mark, consumers can be assured that they are directly supporting the lower-wage workers employed by these businesses. Of the remaining 18% of all lower-wage workers who are working in firms not required to pay the Progressive Wages (as they do not employ foreign workers), an estimated two-thirds would work in firms that are nevertheless eligible for the PW Mark (see [Figure 0.1](#)). The PW Mark can uplift these workers.
49. We should facilitate the many Singaporeans in our society who are keen to step forward and support our lower-wage workers more directly through their collective actions. Coming together to do so will make an immeasurable contribution to strengthening our social compact. The **Alliance for Action for Lower-Wage Workers** has met numerous times over a 6-month period, conceptualised and prototyped ground-up initiatives. These projects complement the Workgroup’s recommendations and when implemented will together uplift our lower-wage workers. We should grow this Alliance’s membership and keep up its momentum. The Workgroup encourages more Singaporeans to step forward to share their ideas and volunteer their time.

## RECOMMENDATIONS

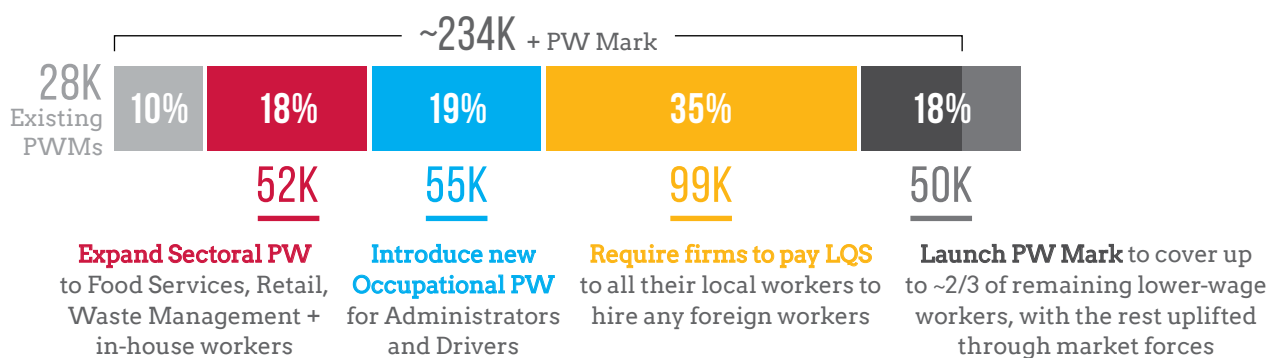
### To promote whole-of-society support to uplift lower-wage workers

12. Government should review Workfare regularly to ensure that lower-wage workers continue to be supported even as Progressive Wages become more pervasive.
13. Government should provide transitional support for employers, with higher support in the initial phase as businesses recover from the impact of COVID-19.
14. Beyond wages, employers should advance the well-being of lower-wage workers by (i) supporting them to upskill and progress in their careers; (ii) providing them with a safe and healthy work environment; and (iii) providing them with adequate rest areas.
15. Establish a new Tripartite Standard on Advancing Lower-Wage Workers’ Well-Being, to help more firms adopt and implement the specified practices and be publicly recognised for doing so.
16. Establish a new Progressive Wage Mark (“PW Mark”) to recognise firms that pay Progressive Wages. This will enable corporate buyers and individual consumers to purchase from these firms to support lower-wage workers’ wage increases. In addition, confer “PW Mark Plus” to firms that go the extra mile to uplift lower-wage workers holistically by advancing their well-being.
17. Public and private sector buyers should require their suppliers to obtain the PW Mark.
18. Grow the Alliance for Action for Lower-Wage Workers, so that uplifting lower-wage workers is a whole-of-society endeavour.

## CONCLUSION

50. **Together with the PW Mark, our expanded Progressive Wage approach will cover up to 94% of our full-time lower-wage workers** (see [Figure 0.1](#)). Given the comprehensive coverage, market forces will help to uplift the remaining ones.

**Figure 0.1: Coverage of Progressive Wage Recommendations**



Source: Comprehensive Labour Force Survey and Administrative Records, MRSD, MOM.

Note: Base is total of 283k full-time resident employees earning at or below the 20<sup>th</sup> percentile gross monthly income from work (excluding employer CPF) of full-time employed residents. Due to rounding, figures may not sum to 283k.

51. The Workgroup believes that these recommendations will guide our Progressive Wage strategy over the next 10 years. It will significantly increase wages of our lower-wage workers, and accord them progression and a sense of dignity in being able to make a good living and move forward with the rest of society.
52. Uplifting lower-wage workers is our joint responsibility as a society. Employers need to pay workers meaningful wages and provide a better working environment. Workers need to adopt the right mindset and be ready to adapt, learn new skills and take on different responsibilities. The Government must support both employers and workers in these efforts. Businesses and consumers need to be prepared to pay more for goods and services. Society must appreciate and respect workers in all trades.
53. These collective efforts are a massive undertaking, but a meaningful one that will bring Singapore to the next bound and renew our social compact. With the tripartite partners' strong commitment to the cause, the Workgroup is confident that lower-wage workers' wages will be uplifted and their well-being advanced. Workers who put in hard work can be assured that they can earn a decent living to provide for their family, own their home, and save for their retirement.





# CHAPTER 1: THE SINGAPORE WAY THUS FAR

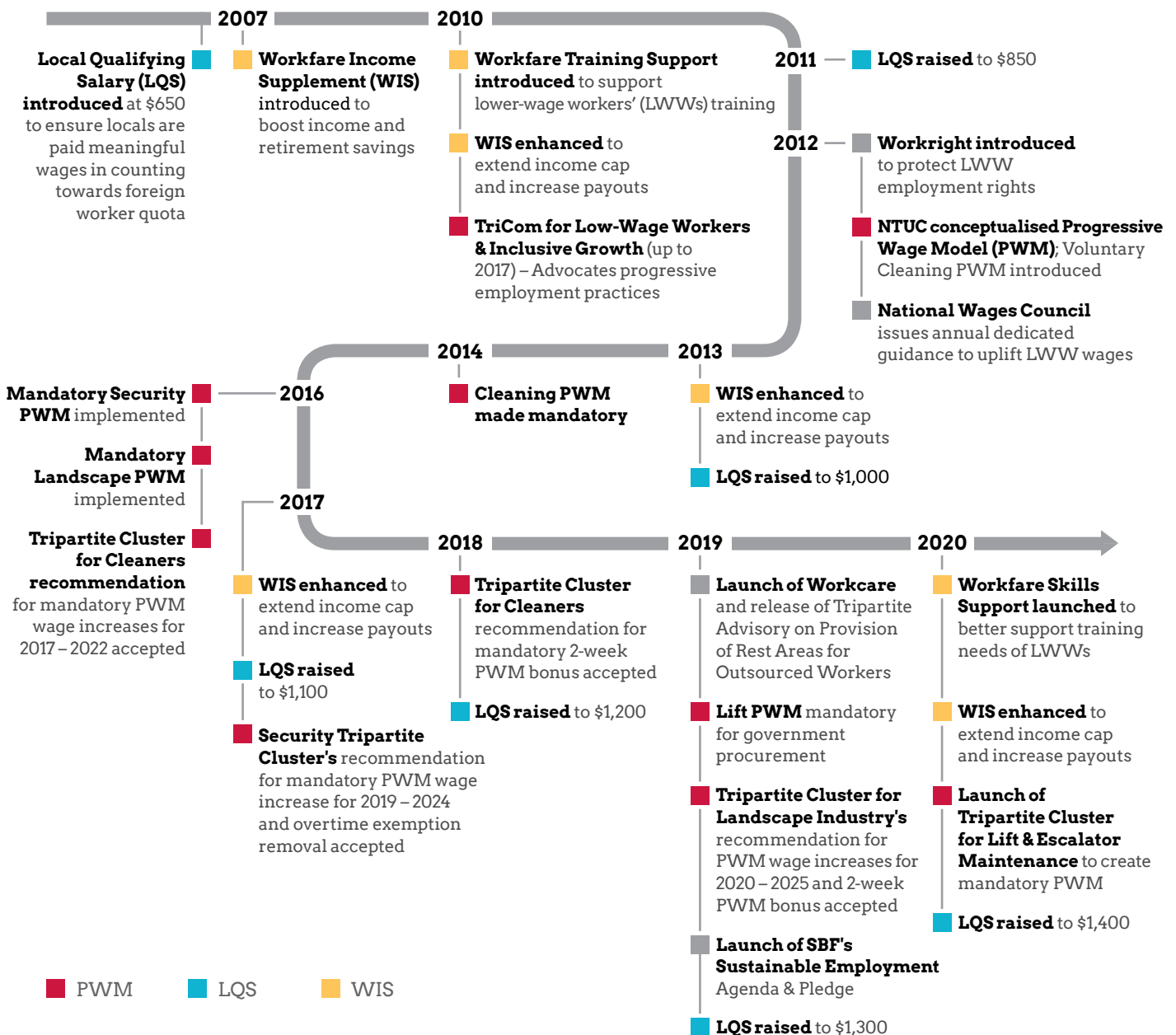
# CHAPTER 1: THE SINGAPORE WAY THUS FAR

Supporting our lower-wage workers has been an important priority for the Government over the years – through our wage, healthcare, housing and social support policies. The tripartite approach has been to raise their wages in a sustainable manner, taking care to minimise dis-employment and not eroding the incentive to work. We have evolved our own 4 “W”s multi-pronged framework, and have seen good outcomes where our lower-wage workers experience strong wage growth and are taken care of. Through the Workgroup, we aim to strengthen our framework, enable our lower-wage workers to gain further ground on the median worker and build a strong social compact that will take Singapore forward.

## 1.1 OVERVIEW OF EXISTING POLICIES & INSTITUTIONS

1.1.1 Together, the Government and tripartite partners have made sustained efforts over the past decade or so to support our lower-wage workers (see [Figure 1.1](#)).

**Figure 1.1: Past and Current Tripartite Efforts to Uplift Lower-Wage Workers**



1.1.2 Our collective efforts now form the 4 “W”s multi-pronged approach to support the jobs and wages of lower-wage workers (see [Figure 1.2](#)):

- a. **Progressive Wages**, which uplifts wages in tandem with skills and productivity improvements. As of 2019, real median monthly gross wages for full-time resident employees in the Cleaning, Security and Landscape Maintenance sectors have increased by 37%, 29% and 24% respectively since the PWM was implemented in each sector.<sup>1</sup>
- b. **Workfare**, which supplements the incomes of lower-wage workers in cash, helps them save more for retirement, and encourages training for upskilling. Workfare has enabled lower-wage workers to receive up to 30% additional income from top-ups. In 2020, as a result of COVID-19, the Government also supported more than 500,000 Workfare recipients with a one-off Workfare Special Payment of \$3,000. From 2007 to 2020, 930,000 workers have benefitted from nearly \$7.8 billion in cash and CPF top-ups.

- c. **Workright**, which protects the employment rights of workers through public education and enforcement of the Employment Act and the CPF Act. About 255,000 workers have benefitted from over 42,000 inspections to ensure that they are treated fairly and in compliance with their employment terms.
- d. **Workcare**, which aims to improve the work environments of lower-wage workers and strengthen public appreciation for the work they do. Its first priority is the provision of rest areas for outsourced workers. Through the Tripartite Advisory on Provision of Rest Areas for Outsourced Workers, Workcare educates building owners and service buyers of best practices. A Workcare Grant supports building owners and service buyers to set up or enhance rest areas for outsourced workers.

1.1.3 With the PWMs in the Cleaning, Security, and Landscape Maintenance sectors already established and running their course, NTUC had, in more recent times, reiterated the need for the PWM to be expanded to cover more workers at a faster implementation rate. This is in line with the Workgroup’s formation and intent.

**Figure 1.2: 4 “W”s Multi-Pronged Approach to Support Lower-Wage Workers**



<sup>1</sup>Cumulative real change, median monthly gross wages (excluding employer CPF) for full-time resident employees, deflated by Consumer Price Index for all items at 2019 prices (2019=100). Source: Occupational Wage Survey, MRSD, MOM. The Cleaning, Security and Landscape Maintenance PWMs were implemented on a mandatory basis since 2014, 2016, and 2016 respectively.

## Institutions

- 1.1.4** Since 2012, the tripartite-led National Wages Council (NWC) has given special consideration to lower-wage workers through its annual recommendations for them. While wage recommendations for other workers are couched to give broad guidance, the recommendations for lower-wage workers are more specific and quantitative. In particular, the NWC recommends wage increases for lower-wage workers in specific dollar quanta or percentages, taking care to ensure that the recommendations would result in higher rate of wage growth compared to other workers. The NWC's quantitative recommendations are adopted by the majority of companies that hire lower-wage workers.
- 1.1.5** To oversee and develop each PWM, a Tripartite Cluster committee is formed. The essence of this model is tripartite negotiation and consensus. For example, the Tripartite Cluster for Cleaners negotiated wage increases for the cleaning sector after consulting widely with the industry to find common ground that benefited all stakeholders. Tripartite Clusters are careful to take into account market conditions so that wage growth is consistent with conditions faced by the sector, and can sustainably deliver continued growth for the workers and the businesses.
- 1.1.6** Each Tripartite Cluster also ensures that their efforts are in sync with the sectors' **Industry Transformation Maps**, so that a systematic approach is taken to enhance productivity, innovation, quality of jobs and skills, and to achieve sustainable economic growth and opportunities.

## Other Forms of Government Support

- 1.1.7** Beyond meaningful wage growth, the lives of lower-wage workers have also improved due to **other forms of government support:**
- a.** 8 in 10 Workfare recipients own their homes with the help of various Housing Development Board (HDB) housing subsidies.
  - b.** Seniors who had low incomes during their working years and now have less in their retirement also receive Silver Support (SS). 290,000 seniors have benefitted from about \$2.8 billion in SS payouts since 2016.
  - c.** Other support includes U-Save rebates and GST Vouchers, which more than 9 in 10 Workfare recipients received, as well as subsidies such as for medical and dental needs under the Community Health Assist Scheme (CHAS) which 5 in 10 Workfare recipients received.

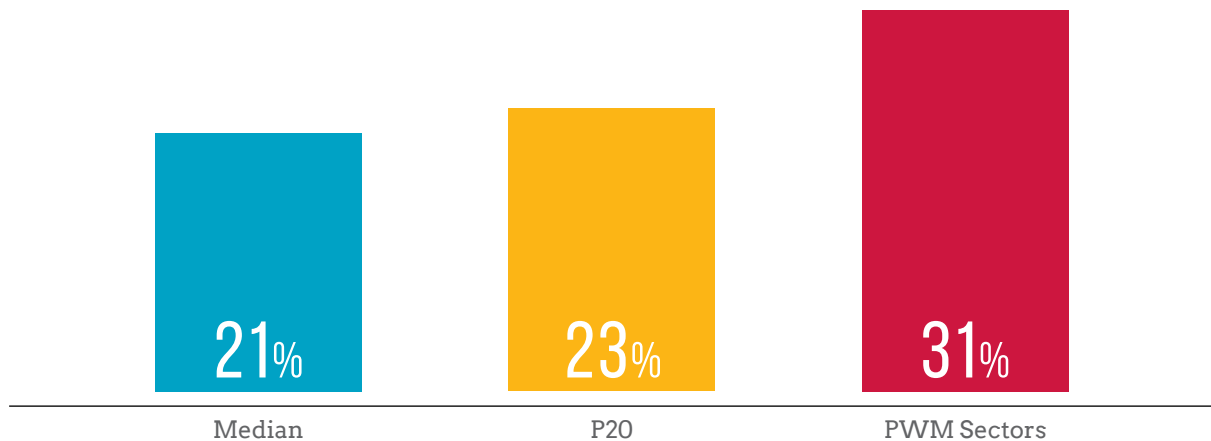
## 1.2 OUTCOMES OF LOWER-WAGE WORKERS

- 1.2.1 In Singapore, efforts over the past decade in supporting lower-wage workers have resulted in robust real income growth for them, while our employment rate remains high.

### Income Growth

- 1.2.2 In the last 10 years, the real income (including employer CPF contributions) of our full-time resident worker at the 20<sup>th</sup> percentile (“P20”) grew 39%, faster than the median full-time worker at 33%.
- 1.2.3 In the last five years, PWM sectors delivered even stronger real wage growth of 31%, higher than wage growth of the P20 and median full-time worker (see [Figure 1.3](#)).

**Figure 1.3: Real Cumulative Wage Growth (2014 – 2019)**



Source: Occupational Wage Survey and Comprehensive Labour Force Survey, MRSD, MOM.

Note:

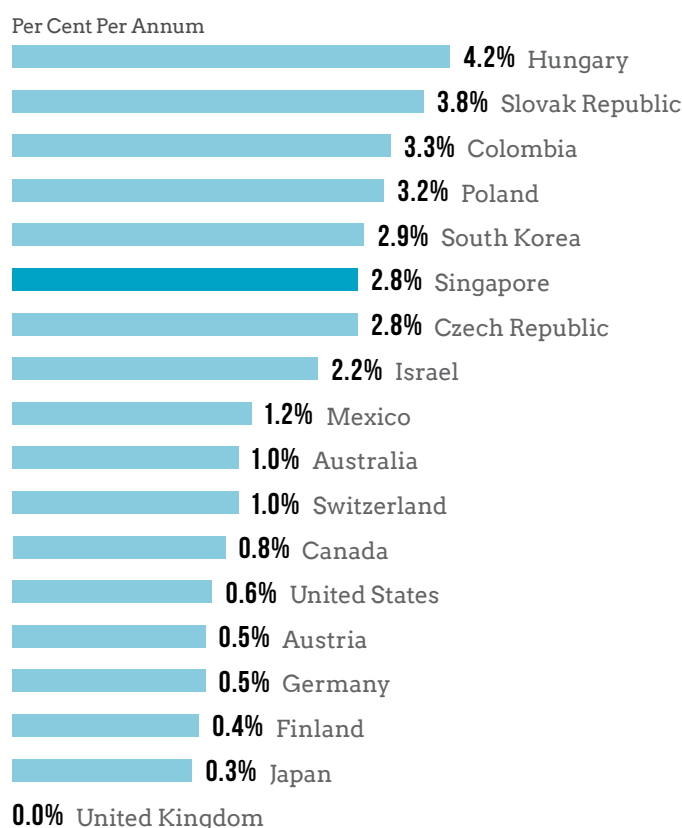
(1) Based on real cumulative gross monthly income from work (excluding employer CPF) for full-time employed residents for P20 and P50.

(2) Based on average of real cumulative median gross monthly wage from work (excluding employer CPF) for full-time resident employees for Cleaners, Security Officers and Landscape Maintenance Workers.

(3) Data are deflated by Consumer Price Index for all Items at 2019 prices (2019=100).

**1.2.4** This is no small achievement. Over the last decade, lower-wage workers in most OECD countries<sup>2</sup> experienced low or no real income growth, despite many of them having a legislated minimum wage (see [Figure 1.4](#)). For example, those in the UK have seen no real wage growth. While the UK has implemented and raised its minimum wage, it has also seen a significant increase in zero-hour contracts – where workers are contracted by companies but with no guarantee of any work – which means workers face greater uncertainty of work and income.

**Figure 1.4: Real annualised income growth among full-time employed lower-wage, 2009 to 2019**



Sources:

Singapore: Comprehensive Labour Force Survey, MRSD, MOM.

Other Countries: OECD Stat Database.

Notes:

(1) The income for each country is deflated using the Consumer Price Index from the International Monetary Fund, World Economic Outlook Database.

(2) As far as possible, common definitions are used to facilitate comparability of data internationally.

(3) For drawing international comparisons, income excluding employer CPF contributions for full-time employed resident was used for Singapore.

(4) Figures for Australia, Austria, Finland, Germany, Hungary, Israel, Poland and Switzerland are for 2008 to 2018.

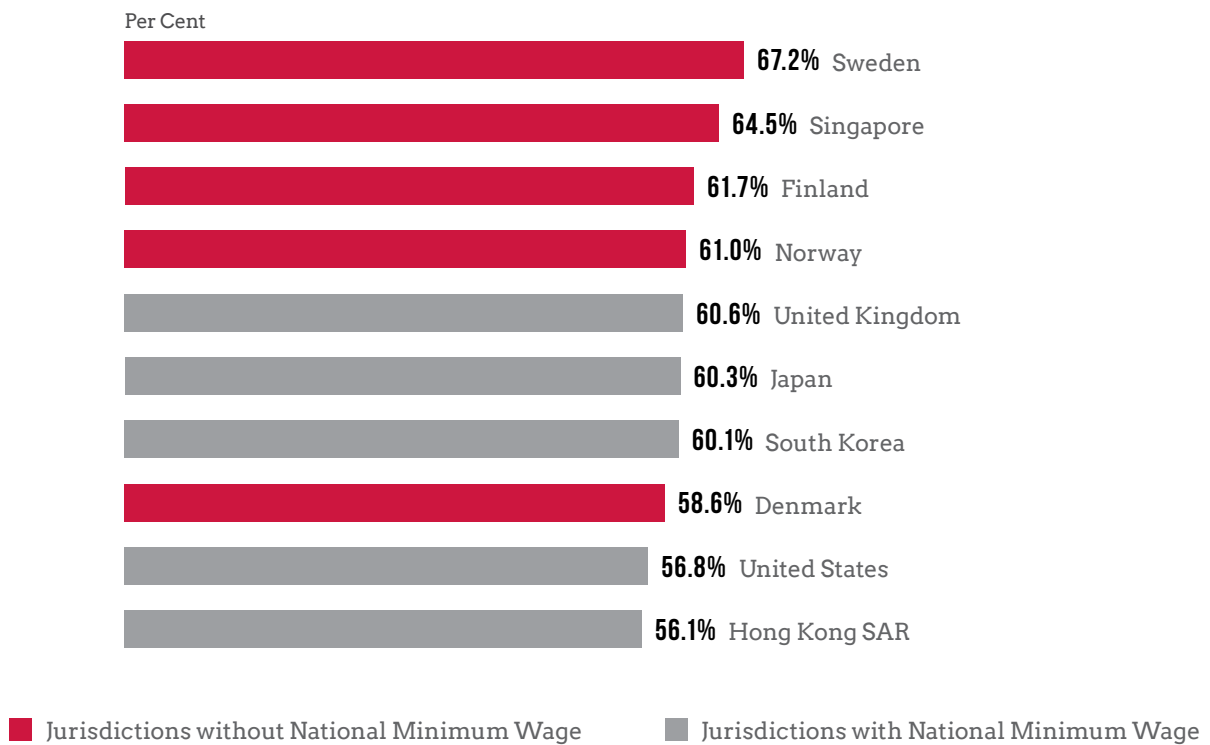
<sup>2</sup>Based on 17 countries where 20<sup>th</sup> percentile income data are available.



## Employment Rate

- 1.2.5 Our employment rate remains high among OECD member countries, at 64.5% in 2020. Comparing jurisdictions with legislated National Minimum Wage and those that do not, the latter generally have higher employment rates (see [Figure 1.5](#)).

**Figure 1.5: Employment Rate in Jurisdictions with and without National Minimum Wage, 2020**



Sources:

Singapore: Comprehensive Labour Force Survey, MRSD, MOM.

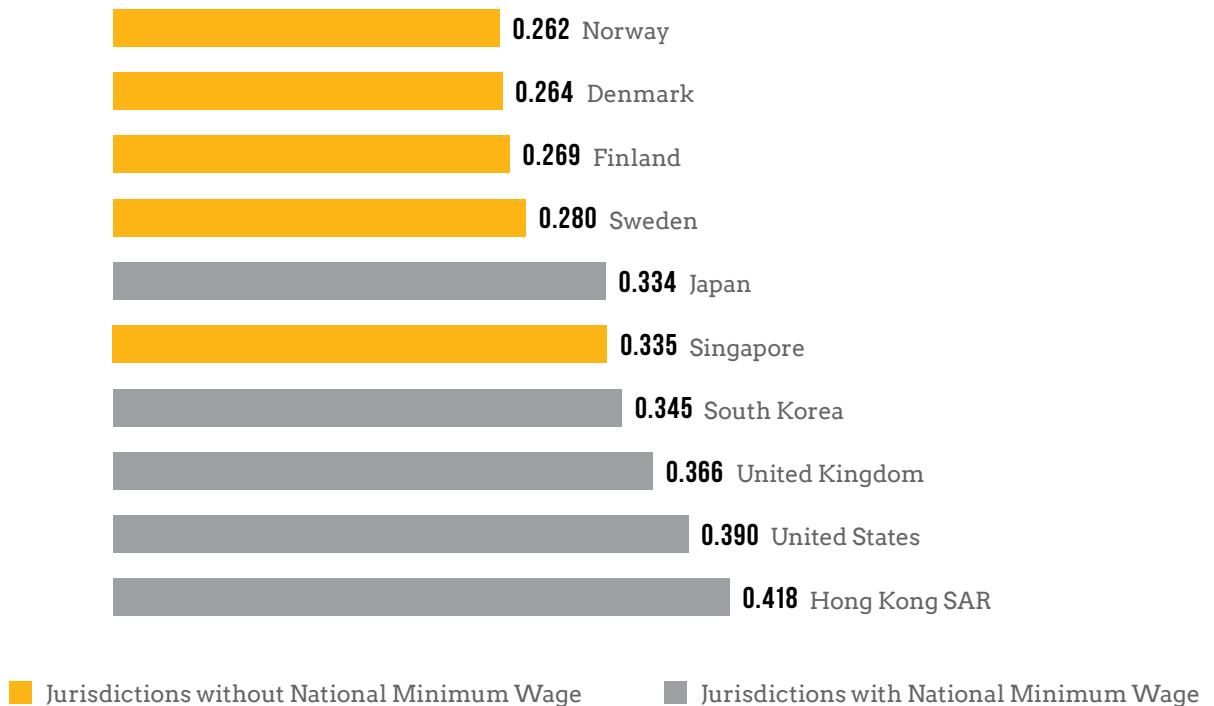
Other jurisdictions: OECD Stat Database and National Statistical Agencies.

Note: Data pertain to those aged 15 to 74 for Finland, Norway, Sweden, and those aged 16 and over for US and UK. For all other economies, data pertain to those aged 15 and over.

## Income Distribution

- 1.2.6** Singapore's Gini coefficient<sup>3</sup> after accounting for government transfers and taxes was 0.335 in 2020. This is lower than many other countries that have imposed a National Minimum Wage. Singapore's household income distribution has also become more equitable over the last decade, with our Gini coefficient declining by 11.6%. In comparison, the Gini coefficients of other countries have changed by a rate of between -2.1% to +5.2% over the same period (see [Figure 1.6](#)).

**Figure 1.6: Gini Coefficient in Jurisdictions with and without National Minimum Wage, 2020**



Source:

Singapore: Key Household Income Trends 2020 Report, Department of Statistics.

Other jurisdictions: OECD Stat Database and National Statistical Agencies.

Notes:

(1) Figures are based on latest available data.

(2) As far as possible, common definitions are used to facilitate comparability of data internationally.

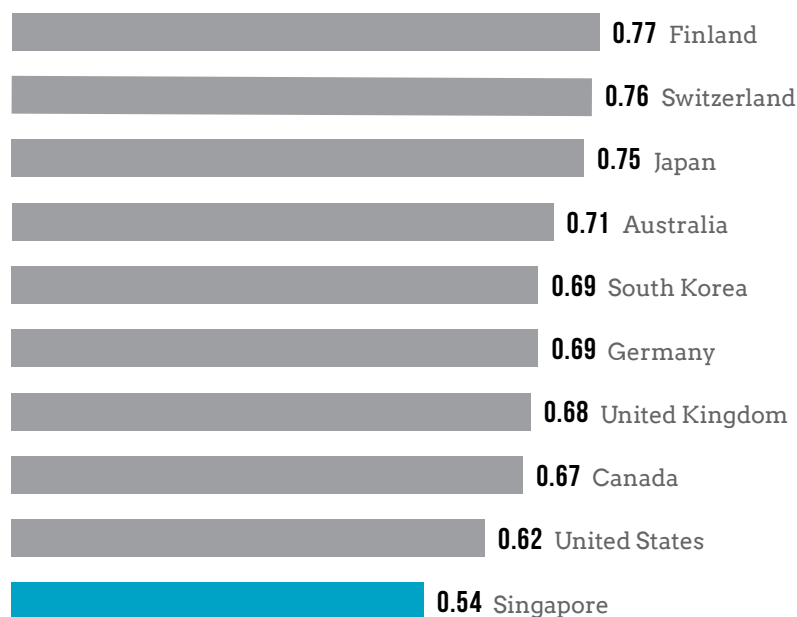
(3) Figures are after accounting for government transfers and taxes, using equivalence scales of square root scale, except for Hong Kong SAR which does not apply equivalence scales.

(4) Figures for Singapore include employer CPF contributions.

<sup>3</sup>The Gini coefficient measures income inequality on a scale of zero to one, with zero reflecting perfect income equality.

**1.2.7** While we have made progress to uplift lower-wage workers, the ratio of income at P20 to median full-timers improved only slightly over the decade to 2019. This is because our real full-time median wages also grew robustly at about 3%<sup>4</sup> per year between 2009 and 2019 – remarkable for a developed economy. This means that there remains significant ground for our lower-income workers’ wages to catch up with the median worker’s. Compared with other advanced economies, our ratio of full-time income at P20 to median is lower (see [Figure 1.7](#)).

**Figure 1.7: Ratio of full-time P20 to median income, 2019**



Sources:

Singapore: Comprehensive Labour Force Survey, MRSD, MOM.

Other Countries: OECD Stat Database.

Note:

(1) Figures for Australia, Finland, Germany and Switzerland pertain to 2018 figures.

(2) Figure for Singapore pertain to full-time employed residents (excluding employer CPF). Figure is the same for full-time employed residents (including employer CPF).

**1.2.8** In the next bound, we want to redouble our efforts to uplift wages at the bottom and help lower-wage workers gain ground with other workers, enabling them to progress with dignity with the rest of our society.

<sup>4</sup> Median gross monthly income (including employer CPF) of full-time employed residents, deflated by Consumer Price Index for all items at 2019 prices (2019=100). Source: Comprehensive Labour Force Survey, MRSD, MOM.

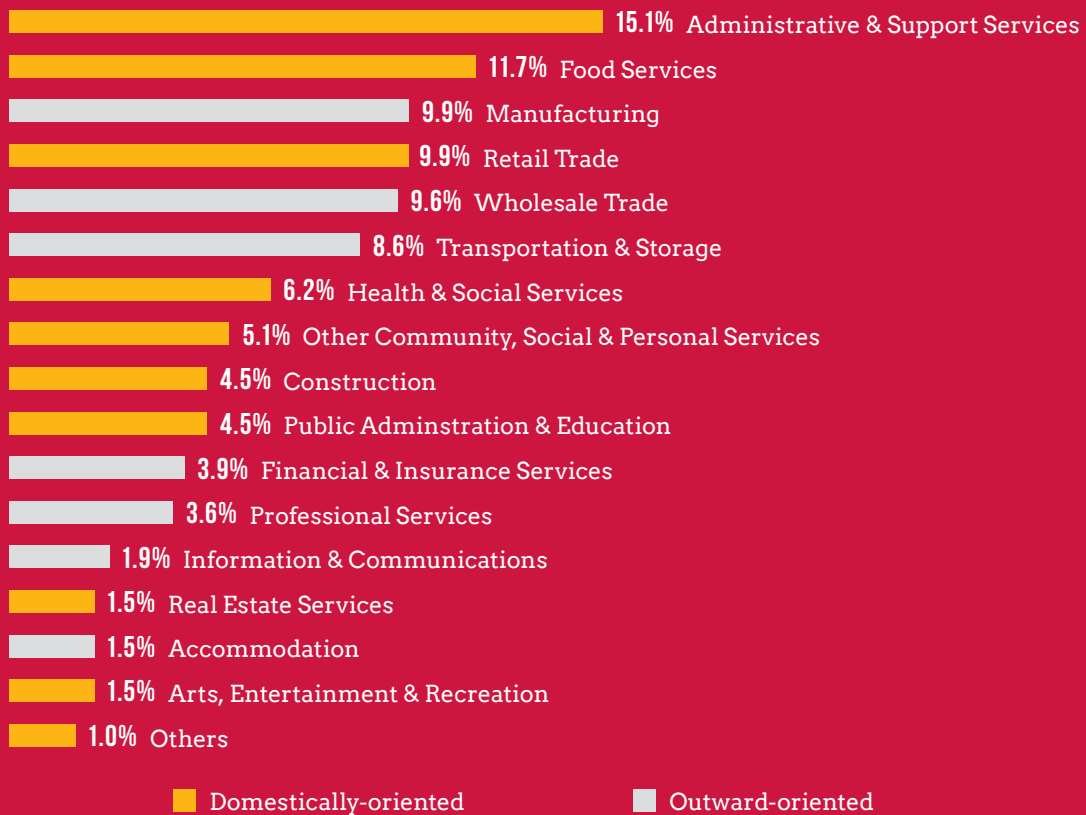
## Box 1.1: Our Lower-Wage Worker Landscape

Lower-wage workers refer to full-time residents earning a gross monthly income (excluding employer CPF contributions) at or below \$2,033 in 2020. This is the 20<sup>th</sup> percentile gross monthly income of full-time employed residents.

Among the full-time lower-wage workers, 73% are employees, while the remaining 27% are self-employed persons.<sup>5</sup> Unlike employees, self-employed persons can choose how many hours to work, and in some cases, how much to charge for their services. Interventions like Progressive Wages would not be applicable to self-employed persons. As the work of the Workgroup focuses on uplifting employees among the lower-wage workers (see also Section 2.6), lower-wage workers in this report generally refer to those who are employees.

Our lower-wage workers are found mainly in domestically-oriented industries, such as Administrative & Support Services,<sup>6</sup> Food Services and Retail Trade (see Figure 1.8).

**Figure 1.8: Distribution of Full-Time Lower-Wage Workers by Industry, June 2020**



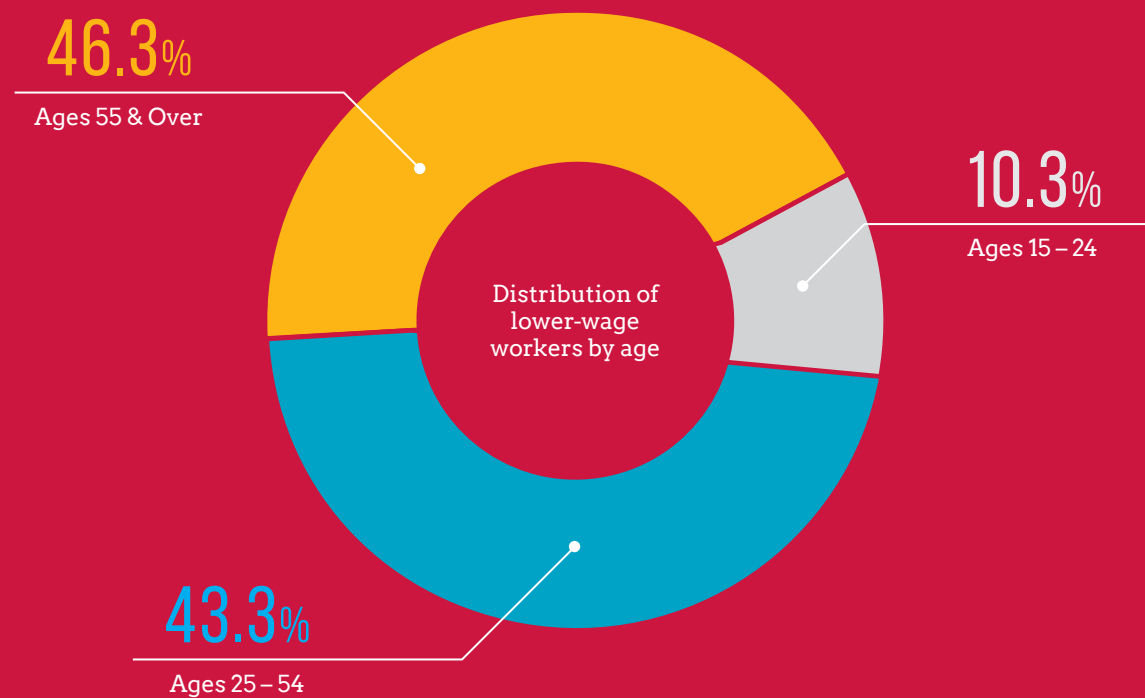
Source: Comprehensive Labour Force Survey, MRSD, MOM.

<sup>5</sup>These include but are not limited to private-hire car drivers, taxi drivers, insurance agents, real estate agents, delivery riders, hawkers, media-related workers and tutors.

<sup>6</sup>Includes Cleaning & Landscaping, Security & Investigation, Employment Services, Office Administrative, Office Support & Other Business Support Services, Travel Agencies, Tour Operators & Timesharing Services and Rental & Leasing.

Nearly half of our lower-wage workers are aged 55 and over (see [Figure 1.9](#)), of which a large majority do not have post-secondary education. How we uplift their wages is crucial, as doing so too quickly will leave workers who are less-skilled and with lower qualifications more vulnerable to dis-employment effects. At the same time, lower-wage workers who are younger have much more scope to upskill, raise their productivity and take on better jobs. A good example is the Security sector, where technology adoption and transforming industry practices enable improved productivity as well as working conditions. Security officers thus enjoy more regular working hours while still experiencing wage growth.

**Figure 1.9: Distribution of Full-Time Lower-Wage Workers by Age, June 2020**



Source: Comprehensive Labour Force Survey, MRSD, MOM.







## CHAPTER 2: APPROACH OF THE TRIPARTITE WORKGROUP

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In seeking to uplift our lower-wage workers, it is important that we get everyone on board. We leveraged Singapore's unique strength in tripartism by setting up the Tripartite Workgroup on Lower-Wage Workers to represent accurately the views of employers, workers and the Government and find win-win-win solutions to achieve our goal. The Workgroup canvassed actively for ideas and mobilised the community to contribute to the cause. This whole-of-society approach is a crucial foundation upon which we will collectively uplift the wages and well-being of our lower-wage workers sustainably.

### 2.1 TERMS OF REFERENCE AND COMPOSITION

**2.1.1** The Tripartite Workgroup on Lower-Wage Workers was formed in October 2020 with the following Terms of Reference:

- a. Ensure wage growth in mandatory PWM sectors continue to outpace median wage growth;
- b. Significantly increase the number of lower-wage workers covered by PWMs;
- c. Offer Progressive Wages in occupations not covered by the mandatory PWMs;
- d. Recognise and promote stronger societal support for firms that pay Progressive Wages; and
- e. Advance the well-being of lower-wage workers.

**2.1.2** The Workgroup comprises representatives from the Singapore National Employers Federation (SNEF), National Trades Union Congress (NTUC) and the Government. Refer to [Appendix A](#) for the Workgroup's composition.



First meeting of the Workgroup on 8 December 2020.

### 2.2 EXTENSIVE CONSULTATIONS

**2.2.1** To better understand the concerns of businesses, workers, and consumers, the Workgroup embarked on public consultations to gather feedback. From December 2020 to February 2021, the Workgroup engaged more than 110 participants over 18 focus group discussions (FGDs). They comprised lower-wage workers, employers, service buyers and members of the public.



SMS Zaqq, the Workgroup's Chairman, attending an FGD with lower-wage workers from the Security sector on 29 Dec 2020.

**2.2.2** They shared with the Workgroup their views, hopes and concerns on lower-wage workers, including opportunities and barriers for them to upskill, get into better jobs, and earn higher incomes, as well as the extent of support they receive from employers, unions, Government and the society.

**2.2.3** In addition to public consultations, the Workgroup's members held engagements and polls with more than 1,800 stakeholders, including employer representatives, union leaders, HR professionals, SME employers, representatives from trade associations and chambers of commerce, members of public and lower-wage workers themselves. Workgroup members also held extensive consultations with their respective communities and stakeholders, in order to better understand and represent their constituents' views during the Workgroup's deliberations.

## 2.3 PUBLIC ENGAGEMENT AND INVOLVEMENT

**2.3.1** Through its public consultations and the Government-facilitated Emerging Stronger Conversations, the Workgroup observed that many Singaporeans were keen to step forward and support our lower-wage workers more directly through their actions. To facilitate these Singaporeans to do so and demonstrate their solidarity with our lower-wage workers, the Workgroup launched an Alliance for Action (“Alliance”) for Lower-Wage Workers in March 2021.

**2.3.2** A diverse group of 50 Singaporeans representing the labour movement, corporates and the community sector joined this Alliance. Over the span of six months, members of the Alliance developed their own ideas and engaged with stakeholders (employers, business owners, schools and workers) to seek feedback, participation and support for their projects. Collectively, they have put together eight ground-up projects, which when implemented will be an important part of society’s efforts to help uplift our lower-wage workers. (Refer to Section 5.4 for more details on the Alliance’s efforts.)

## 2.4 CHARTING THE CONSENSUS: THREE KEY IDEAS

**2.4.1** Three key ideas emerged in the Workgroup’s consultations and deliberation. First, **progress** is achieved when lower-wage workers continue to see wage growth and career progression, in tandem with their efforts to upskill and build experience in their job. Employers will also progress when they continue to grow their business and pursue productivity measures. This is a win-win prospect, because employers can provide jobs of better quality with higher wages to their workers, while workers are better able to contribute to the growth of the business.



A virtual Alliance workshop held on 26 June 2021, attended by DPM Heng Swee Keat, Minister Josephine Teo and SMS Zaqy.

**2.4.2** Second, such progress can be achieved when all stakeholders work together in **solidarity**, so that everyone progresses and enjoys the fruits of Singapore’s growth together. Through tripartism, employers and unions support the advancement of lower-wage workers through both the good and tough times. For example, the NWC makes annual recommendations on wages in line with economic outlook, including specific recommendations for lower-wage workers. The NWC calls for higher increment in good years, and restraint to protect jobs in times of economic downturn. The Government also plays a critical role in providing support to businesses and workers through the Wage Credit Scheme and Workfare. To cushion the impact from the COVID-19 pandemic measures, the Government also extended additional support to protect the employment and incomes of our lower-wage workers through the Jobs Support Scheme, Workfare Special Payment and COVID-19 Support Grant.

**2.4.3** Members of society can also do their part when they show appreciation to workers and are willing to pay more for goods and services so that these workers can earn better wages and enjoy a higher standard of living. This is a small price that each of us can pay for greater social cohesion.

**2.4.4** Third, progress can only be achieved if there continues to be **dynamism** in our economy. Better jobs and living standards are possible only if businesses continue to thrive. We must ensure that our approach in uplifting lower-wage workers through wage growth is sustainable, does not weigh down businesses and inadvertently lead to job losses.

## 2.5 LEVEL OF AMBITION

**2.5.1** During Budget 2021, Deputy Prime Minister Heng Swee Keat outlined the Government's aspiration for every sector of the economy to have some form of Progressive Wages. Senior Minister of State Zaqq Mohamad also said that the Government intended to at least double the coverage of Progressive Wages in the short term.

**2.5.2** The Workgroup shares the Government's ambition and believes it is achievable. It has set out to expand the coverage of Progressive Wages as extensively and as quickly as possible. Nonetheless, while charting out the roadmap, the Workgroup is mindful that adjustments will need to be made along the way in response to the economic situation, advances in technologies, and other factors. This ambition to uplift lower-wage workers must also be met with the support of all stakeholders.

## 2.6 SELF-EMPLOYED PERSONS

**2.6.1** The Workgroup has also considered the needs of lower-income self-employed persons, who emerged as a group of workers adversely impacted by and in need of financial support during the COVID-19 pandemic. The Workgroup noted that there were ongoing measures to support them:

- a.** The recent recommendations by the Tripartite Workgroup on Self-Employed Persons in 2018 are being implemented. These include improved contracting norms and progressive implementation of the Contribute-As-You-Earn model for their healthcare needs.
- b.** Lower-income self-employed persons also receive Workfare. Eligible SEPs currently receive up to \$2,667 in Workfare payouts annually, in cash and MediSave Account top-ups. They will also continue to benefit from future enhancements to Workfare.
- c.** Ongoing employment facilitation efforts support self-employed persons to seek regular employment if they wish to join or return to the regular labour market. By doing so, they would be able to benefit directly from Progressive Wages.

**2.6.2** The Workgroup also noted ongoing work by the Government to study ways to support self-employed persons, including to find a better balance in the arrangements between self-employed persons and their intermediaries. The Workgroup has thus focused on strategies to uplift employees earning lower wages.

## 2.7 ORGANISATION OF REPORT

**2.7.1** The rest of the report is organised along the following structure:

- a. Framework:** The approach for next bound of Progressive Wage moves and key concepts
- b. Institutions:** The bodies that will continue the work, because wage growth is an ongoing journey
- c. Support:** How the whole-of-society can support this ambition
- d. Roadmap:** Timeline for implementation





## CHAPTER 3: FRAMEWORK

## CHAPTER 3: FRAMEWORK

The Workgroup agrees with the Government's aspiration to cover all sectors with some form of Progressive Wages, and studied how to meet this objective. The Workgroup recommends expanding the coverage of PWs through four key thrusts: First, to expand the Progressive Wage Model (PWM) to more sectors – Retail, Food Services, and Waste Management. These new Sectoral Progressive Wages (PWs) will cover about an additional 28,000 (10%) of our full-time lower-wage workers. Second, to expand existing Cleaning, Security and Landscape Maintenance PWMs to in-house workers. This will cover another 24,000 lower-wage workers (8%). Third, to introduce a new Progressive Wage approach for occupations that exist across many sectors – Administrators and Drivers. These new Occupational PWs will cover another 55,000 lower-wage workers (19%). Fourth, to require all firms employing foreign workers to pay at least the Local Qualifying Salary (LQS) to all local workers, to cover another 99,000 lower-wage workers (35%). Together with the existing PWMs, these four thrusts will expand our Progressive Wage approach to cover 234,000 or more than 8 in 10 of our full-time lower-wage workers.

Besides substantially expanding the coverage of Progressive Wages, the Workgroup also deliberated on and recommends a consistent and sustainable approach to accelerate Progressive Wage growth significantly over the next decade to enable our lower-wage workers to gain ground on median workers.

### 3.1 THE PROGRESSIVE WAGE MODEL

**3.1.1** The Progressive Wage Model (PWM) was conceived by NTUC in 2012. Tripartite partners subsequently developed and implemented PWMs in the Cleaning (2014), Security (2016), Landscape Maintenance (2016), and Lift (2019)<sup>1</sup> sectors. Between 2014 and 2019, full-time cleaners, security officers and landscape maintenance workers under the PWMs saw cumulative real growth in median gross wages of 31%,<sup>2</sup> outpacing that of the median worker (21%).<sup>3</sup> Around 28,000 (10%) full-time lower-wage workers are currently covered by the Sectoral PWs.<sup>4</sup>

**3.1.2** Sectoral PWs enable tripartite consensus on wage increments that (i) take into account sector-specific circumstances, (ii) are meaningful for the workers in that sector, and (iii) sustainable for businesses. For instance, besides uplifting wages and providing clear progression pathways, Sectoral PWs have also improved the overall attractiveness of the jobs in the sector. (See Paragraph 4.1.3 for an example in the Security sector.)

**3.1.3** Sectoral PWs take reference from sector-specific Skills Frameworks and define the specific skills for each job level. Skills Frameworks are co-created by employers, industry associations, educational institutions, unions and government and are a part of the Industry Transformation Maps. This emphasis on skills progression ensures that wage progression is sustainable.

<sup>1</sup> Since May 2019, the Government has procured lift maintenance services only from firms that have adopted the Lift PWM. The Lift & Escalator PWM will be made mandatory from 2022.

<sup>2</sup> Based on average of real cumulative median gross monthly wage (excluding employer CPF) for full-time resident employees for Cleaners, Security Officers and Landscape Maintenance Workers. Data are deflated by Consumer Price Index for all Items at 2019 prices (2019=100). Source: Occupational Wage Survey, MRSD, MOM.

<sup>3</sup> Median gross monthly income (excluding employer CPF) of full-time employed residents, deflated by Consumer Price Index for all items at 2019 prices (2019=100). Source: Comprehensive Labour Force Survey, MRSD, MOM.

<sup>4</sup> A further 9,000 part-time workers earning up to \$2,033<sup>a</sup> are also covered. In this report, 'G' superscript denotes gross wage, while 'B' superscript denotes basic wage.

### Box 3.1: COVID-19 Demonstrates Resilience of the Progressive Wage Approach

It would be natural to assume that in a downturn, the risk of job losses will make it unrealistic to expect agreement to be reached on wage *increases*. With greater uncertainty about the future, it would also be surprising to see agreement reached on *multi-year wage increases*. Yet, this is what we saw in Singapore, with the Cleaning, Landscape Maintenance and Lift & Escalator sectors.<sup>5</sup>

#### Percentage basic wage increase annually for Cleaning, Landscape Maintenance and Lift & Escalator sectors

Sector	Basic Wage Level 2022	2023	2024	2025	2026	2027	2028	Basic Wage Level 2028 (% growth from 2022)
Cleaning <sup>1</sup>	\$1,312	19.7%	10.8%	9.8%	8.9%	8.2%	7.6%	\$2,420 (84%)
Landscape Maintenance <sup>2</sup>	\$1,850	8.6%	8.0%	7.4%	6.9%	6.4%	6.0%	\$2,810 (52%)
Lift & Escalator <sup>3</sup>	\$1,850	12.2%	10.8%	9.8%	8.9%	6.0%	5.7%	\$3,080 (66%)

Notes:

- (1) Based on Wage level for General Cleaner.
- (2) Based on Wage level for Landscape Technician.
- (3) Based on Wage level for Assistant Lift & Escalator Specialist.

This demonstrates the strength of the sectoral tripartite approach. In good times, tripartite partners built strong trust and confidence, so much so that despite hard times, they were able to agree on a plan that would give our lower-wage workers not just the assurance of a job, but the assurance of strong wage increases on a sustained basis.

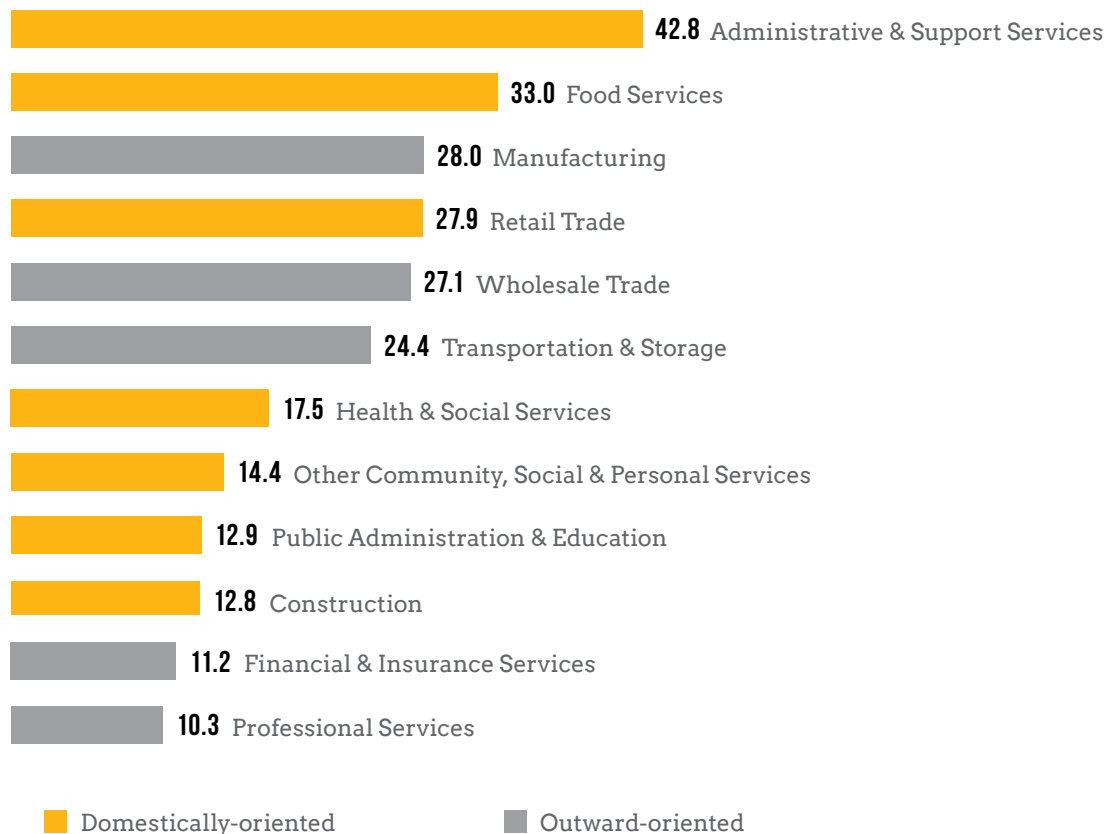
- 3.1.4** Sectoral PWs differentiate wages by jobs and skills level, which ensures meaningful wages and wage growth for workers compared to one minimum wage point. Clear career pathways for wages to rise along with training and improvements in productivity and standards benefits both workers and employers.

<sup>5</sup>The Security Tripartite Cluster will be issuing its wage recommendations, which will also include multi-year wage increases, in due course.

## 3.2 EXPANDING SECTORAL PROGRESSIVE WAGES

- 3.2.1** The Sectoral PW approach has proven that it works, especially when employers and the sector understand how to reap the benefits to create a win-win outcome for their workers. Therefore, we should expand it to more sectors. In selecting which sectors should apply the Sectoral PW approach, we considered (a) the number of resident lower-wage workers in the sector; (b) the suitability of the Sectoral PW for the sector;<sup>6</sup> and (c) the views of tripartite partners. We also recognised that Sectoral PWs had thus far been applied to domestically-oriented sectors.
- 3.2.2** Among the domestically-oriented sectors, Administrative & Support Services, Food Services and Retail Trade are the top three sectors with the highest number of full-time lower-wage workers (refer to [Figure 3.1](#)). Within the Administrative & Support Services sector, Sectoral PWs have already been implemented in the Cleaning, Security and Landscape Maintenance sectors.

**Figure 3.1: Number of full-time lower-wage workers in top 12 sectors, June 2020 ('000s)**



Source: Comprehensive Labour Force Survey, MRSD, MOM.

<sup>6</sup>The critical success factor for the Sectoral PW is the ability for stakeholders to be represented effectively for meaningful tripartite discussions to take place.



- 3.2.3** At the same time, there has been strong support from tripartite partners to expand Sectoral PW to Waste Management, which is largely a domestically-oriented and outsourced sector, similar to the existing Sectoral PWs.
- 3.2.4** Therefore, taking in the Workgroup's recommendations, the Ministry of Manpower convened Tripartite Clusters (TCs) for Waste Management, Food Services and Retail sectors in early 2021, to develop new Sectoral PWs for their sectors. Despite economic headwinds and disruptions to businesses caused by the pandemic and safe distancing restrictions, the TCs have made very good progress and are on track to submit their recommendations by end-2021. A preliminary update based on the discussions and consultation with the industry and unions thus far can be found in [Box 3.2](#).

### Box 3.2: Status of Deliberations by Tripartite Clusters (TCs) on Food Services, Retail and Waste Management

#### Food Services

The TC has preliminarily identified the career and skills ladder, which could cover job roles such as Food Preparation and Wait Staff, Cook/ Senior Cook and Team Leader/ Assistant Supervisor/ Supervisor. The minimum training requirements could include two Workforce Skills Qualification (WSQ) modules – Basic Food Hygiene Certificate and one other module to be selected from a list of endorsed core modules, including in-house training courses that are aligned with the Skills Framework for Food Services. With a run-in period and wage rungs to be agreed, the TC has agreed to commence the Food Services PWM from 1 March 2023.

#### Retail

The TC has preliminarily identified a single career and skills ladder. This could cover jobs such as Shop Sales Assistant, Senior Shop Sales Assistant, Cashier, Senior Cashier, Assistant Sales Supervisor and Sales Supervisor. The minimum training requirement could include one WSQ module to be selected from a list of endorsed core modules, including in-house training courses that are aligned with the Skills Framework for Retail. With a run-in period and wage rungs to be agreed, the TC has agreed to commence the Retail PWM from 1 September 2022.

#### Waste Management

The TC has endorsed two sub-sectors sectors (Waste Collection and Materials Recovery) to be included in the PWM. These would cover jobs such as Crew, Driver, Senior Driver, Sorter, Senior Sorter, Machine Operator, Team Lead, Captain, Supervisor and Plant Supervisor. The minimum training requirements could include WSQ modules that are aligned with the Skills Framework for Environmental Services (Waste Management). More WSQ modules would be required for higher job levels, pegged to the appropriate proficiency levels. The TC has agreed to commence the Waste Management PWM in 2023, with the exact date to be further deliberated on by the TC.

**3.2.5 Recommendation 1 – Expand Progressive Wages to new sectors: Retail from 1 September 2022, Food Services from 1 March 2023 and Waste Management from 2023. This is estimated to cover about 28,000 (10%) of our full-time lower-wage workers.<sup>7</sup>**

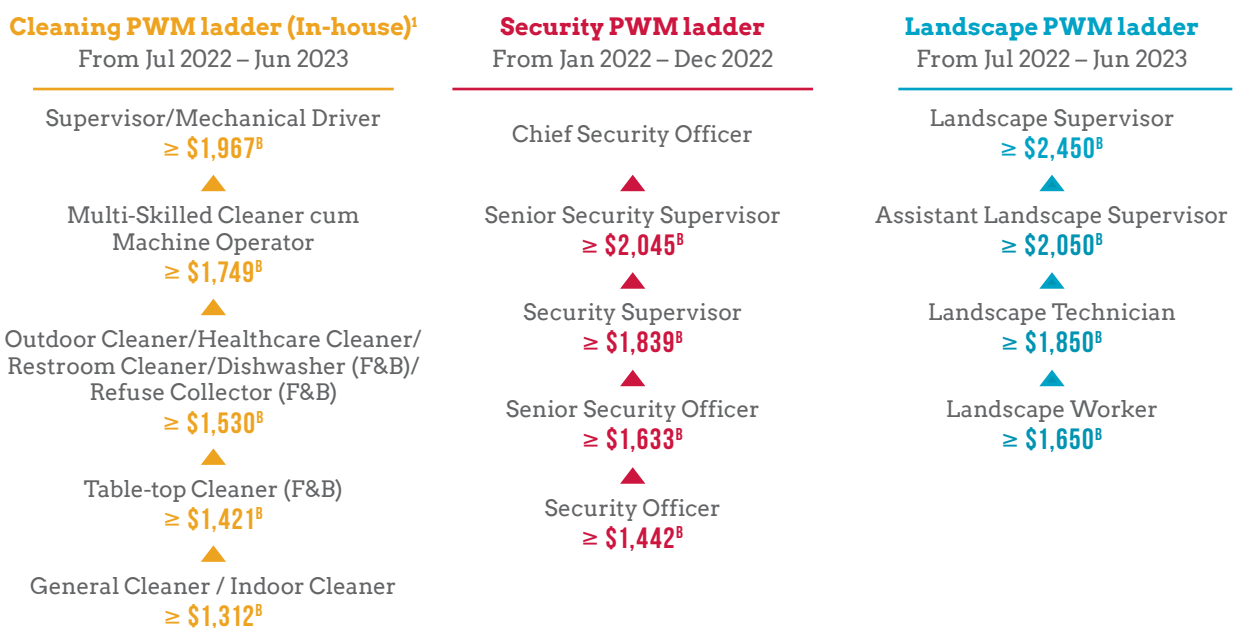
### 3.3 EXTENDING EXISTING SECTORAL PROGRESSIVE WAGES TO IN-HOUSE WORKERS

**3.3.1** Currently, licensed or registered firms in the Cleaning, Security and Landscape Maintenance sectors are required to pay their cleaners, security officers and landscape maintenance workers the respective Sectoral PW wages. However, there are others employed to perform the same job roles in-house, who are not covered by the Sectoral PWs. These include cleaners, security officers and landscape maintenance workers employed by hotels, facility managers, food services firms and other businesses.

**3.3.2** At the median, these in-house workers generally earn wages similar to or higher than their peers covered by the Sectoral PWs. For example, the median gross monthly income of full-time in-house security officers in 2020 was \$2,330<sup>8</sup>, as compared to \$2,160<sup>8</sup> for security officers covered by the Security PWM. The median gross monthly income of full-time in-house cleaners<sup>9</sup> in 2020 was \$1,350<sup>9</sup>, compared to \$1,300<sup>9</sup> for cleaners<sup>9</sup> covered by the Cleaning PWM. Notwithstanding that their conditions of employment may differ, it is reasonable for in-house workers to be minimally paid their respective Sectoral PW wages.

**3.3.3** The wage rungs for in-house workers should rely on existing Sectoral PW wage rungs (see Figure 3.2). Subsequent changes to the job roles and PWM wage rungs, as decided by respective Tripartite Clusters, would similarly apply to in-house workers.

**Figure 3.2: PWM Ladders for In-House Workers**



Note: (1) Combines the three categories of cleaning jobs under the Cleaning PWM. (2) Wage levels for 2022 are subject to Security Tripartite Cluster's (STC) review, as stated in 2017 STC report. (3) 'B' denotes basic wage.

<sup>7</sup> A further 19,000 part-time workers earning up to \$2,033<sup>6</sup> will be covered.

<sup>8</sup> Based on SSOC 2020 codes 91000, 9113-9119, 9112 and 51501.

<sup>9</sup> Based on SSOC 2020 codes 91000, 9113-9119, 91122 and 91129.

- 3.3.4** As these Sectoral PWs have already been established for five or more years, this extension could be implemented among the first Progressive Wage moves from 1 September 2022.
- 3.3.5** **Recommendation 2 – Extend existing Cleaning, Security and Landscape Maintenance PWMs to in-house workers from 1 September 2022.** This is estimated to cover about 24,000 (8%) of our full-time lower-wage workers.<sup>10</sup>
- 3.3.6** Taken together, expanding Sectoral PWs to Food Services, Retail and Waste Management and in-house workers, will cover an estimated 52,000 (18%) of our full-time lower-wage workers (see [Figure 3.3](#)).

**Figure 3.3: Coverage of Progressive Wages by expanding Sectoral PWs to Food Services, Retail, Waste Management and in-house workers**



Source: Comprehensive Labour Force Survey and Administrative Records, MRSD, MOM.

Note: Base is total of 283k full-time resident employees earning at or below the 20<sup>th</sup> percentile gross monthly income from work (excluding employer CPF) of full-time employed residents.

## Skills & Training of In-house Workers

- 3.3.7** The Workgroup affirms that training continues to be an important aspect of skills progression and the overall Progressive Wage approach. In particular, standardised training requirements have benefitted workers and firms in the existing PWMs. As many of such firms are service providers in outsourcing arrangements, training requirements help to assure service buyers that adequately trained workers would be deployed and provide the service quality expected of the job function.
- 3.3.8** For firms employing in-house cleaners, security officers, and landscape maintenance workers, the Workgroup recognises that, unlike firms providing outsourced services, the need to provide assurance of service quality to an external service buyer through standardised training certifications is not applicable. Moreover, as in-house workers are found in firms across the economy, standardised training requirements that were designed with specific sectors in mind may not be as relevant. Rather, employers are best placed to decide the appropriate training for their in-house workers.
- 3.3.9** The Workgroup thus recommends for training to be made mandatory for in-house workers, but to allow employers the flexibility to fulfil this requirement by ensuring that in-house workers undertake at least one WSQ course or one in-house training programme.

<sup>10</sup> A further 12,000 part-time workers earning up to \$2,033<sup>6</sup> will be covered.

### 3.4 EXPAND PROGRESSIVE WAGES TO OCCUPATIONAL GROUPS

**3.4.1** In its study, the Workgroup found lower-wage occupations that exist across many sectors (both domestic and external-oriented ones); with each sector having a relatively small number of such workers. To uplift these lower-wage workers, the Workgroup recommends a new approach – Occupational PWs.

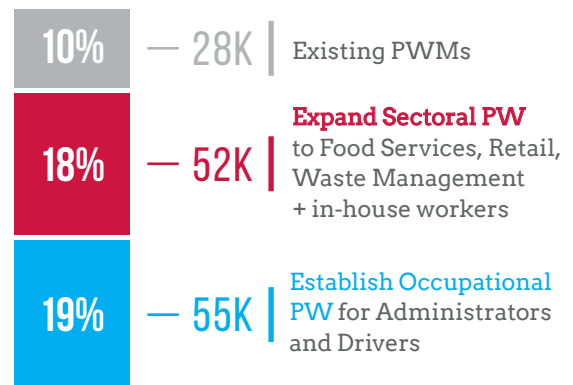
**3.4.2** This new approach is necessary as Sectoral PWs are unsuitable to uplift lower-wage workers in such cross-sectoral occupations. Sectoral PWs require clear sector leads to lead negotiations with sectoral stakeholders to develop sector-specific wage, job and skills ladders. However, occupations found in multiple sectors do not have clear sectoral leads and stakeholders to lead negotiations. Also, the nature of work, skills and wages of workers in such cross-sectoral occupations vary widely depending on the specific sector they are in, which makes it difficult for tripartite partners to create detailed job and skills ladders to support a sectoral PW.



**3.4.3** In identifying which occupations could be covered by Occupational PWs, the Workgroup noted that there were significant numbers of lower-wage workers in Administrator and Driver-type of jobs. Moreover, these jobs were fairly homogenous, and could be categorised into distinct job levels.

**3.4.4** **Recommendation 3 – Introduce new Occupational Progressive Wages for Administrators and Drivers from 1 March 2023.** This is estimated to cover 55,000 (19%) of our full-time lower-wage workers<sup>11</sup> (see [Figure 3.4](#)).

**Figure 3.4: Coverage of Progressive Wages by expanding Sectoral PWs and establishing Occupational PWs for Administrators and Drivers**



Source: Comprehensive Labour Force Survey and Administrative Records, MRSD, MOM.

Note: Base is total of 283k full-time resident employees earning at or below the 20<sup>th</sup> percentile gross monthly income from work (excluding employer CPF) of full-time employed residents.

<sup>11</sup>A further 16,000 part-time workers earning up to \$2,033<sup>6</sup> will be covered.

## Design of Occupational Progressive Wages

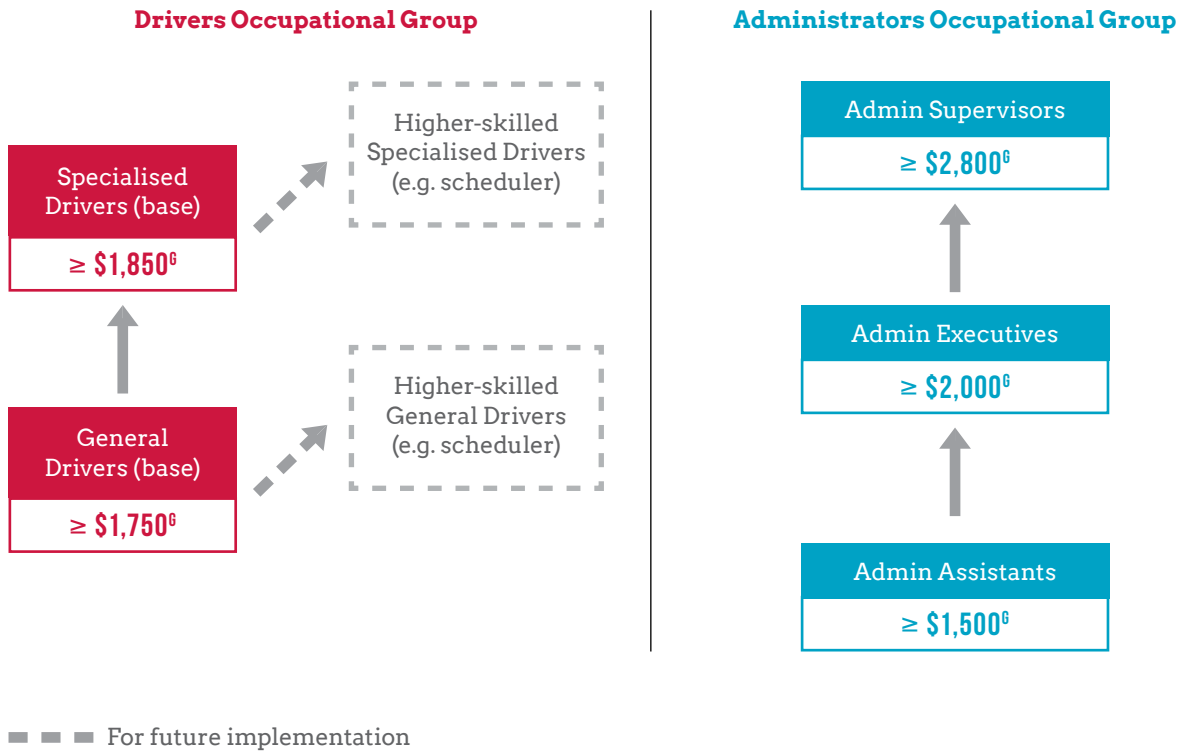
- 3.4.5** In designing the occupational wage ladder, the Workgroup looked at specific occupations associated with Administrators and Drivers and grouped them according to similarity in skillsets, job scopes, wage ranges, as well as job seniority.
- 3.4.6** The Administrators occupational group was categorised into three levels, as set out here. (See [Appendix B](#) for the detailed descriptions and examples of occupations for each job level.)
- a. Administrative Assistants** (perform basic administrative tasks, e.g. data entry and running of errands). This includes occupations such as Data Entry Clerks, Office Attendants etc.;
  - b. Administrative Executives** (perform customer service, records management or data analysis duties). This includes occupations such as Office Cashiers, General Office Clerks, Receptionists etc.; and
  - c. Administrative Supervisors** (perform supervisory functions). This includes occupations such as Office Supervisors.
- 3.4.7** The Drivers occupational group was categorised into two levels:
- a. General Drivers** (generally comprises occupations that require driving licences of up to Class 3); and
  - b. Specialised Drivers** (generally comprises occupations that require Class 4 and above driving licences).

- 3.4.8** In determining appropriate wage requirements for each of the Administrator and Driver levels, the Workgroup was mindful of the wide variation in wages – both across occupations in the occupational group level (e.g. between General Office Clerks and Receptionists in the Administrative Executives job level), and within the same occupation but across sub-sectors (e.g. among General Office Clerks). Some workers in the Specialised Drivers occupational group (e.g. Trailer Truck Drivers) also had sizeable variable performance-based incentives relative to their gross wages. The Workgroup therefore recommends starting off with more conservative wage levels to minimise risks of job losses, while uplifting those who earned the least. This approach would also give firms time to adjust to the new Occupational PW requirements. See [Figure 3.5](#) for proposed gross wage rungs.



- 3.4.9** The Workgroup recognises that both General and Specialised Drivers could upskill and perform higher-order job requirements and progress within their occupational group, e.g. drivers from either group could perform some fleet scheduling functions. As such, the Workgroup intends for tripartite partners to further study the feasibility of setting higher job and wage levels for both the General and Specialised Drivers groups (shown in dotted boxes in [Figure 3.5](#)). This would provide drivers with additional options to progress and earn higher wages within their occupational groups.

**Figure 3.5: Proposed Gross Wage rungs and ladders for Drivers and Administrators Occupational Groups**



Note: 'G' denotes gross wage.

**3.4.10** The Workgroup also recommends mandatory training requirements for Occupational PW workers to uplift workers by increasing their productivity and skillsets. The situation for Occupational PW workers is similar to that of in-house PW workers (see Paragraph 3.3.8).

**3.4.11** As their employers understand best the specific skills required, standardised training requirements are not a practical solution. The Workgroup therefore recommends providing employers of Occupational PW workers the discretion to choose appropriate training courses for their workers to attend – either one WSQ course or one in-house training programme. This will provide flexibility for employers to tailor the training for their own workers to cater to their needs.

## 3.5 LOCAL QUALIFYING SALARY IN ORDER TO ACCESS FOREIGN WORKERS

**3.5.1** With the expanded Sectoral PWs and new Occupational PWs, close to half of lower-wage workers would be covered. The remaining lower-wage workers are in sectors less suited to the Sectoral or Occupational PW approach, or dispersed across multiple sectors and occupations. A broader and simpler measure is needed to uplift the remaining lower-wage workers.



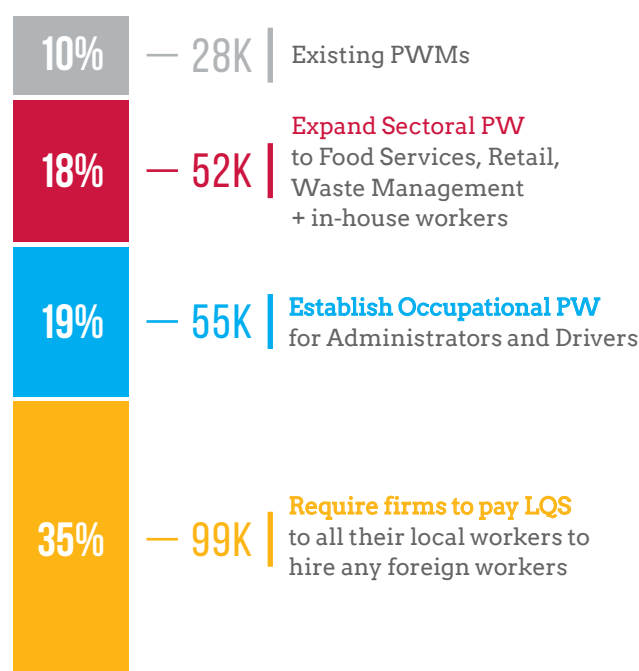
**3.5.2** Today, firms have to pay local workers at least the LQS before that local worker is counted towards their foreign worker (FW) quota. This ensures that firms do not hire locals on token salaries in order to access FWs. For instance, a Food Services firm that intends to hire 7 FWs will need to pay 13 local employees at least the LQS in order to remain within the Dependency Ratio Ceiling (DRC) of 35% for the Services sector. Under the existing rules, if the firm has more than 13 local employees, it still enjoys a FW quota of 7 even if all its remaining locals are paid below the LQS. This has allowed firms to hire part-time locals, to deal with surges in demand.

**3.5.3** To uplift the remaining lower-wage workers that are not covered by the Sectoral and Occupational PWs, the Workgroup recommends requiring all locals in firms employing FWs to be paid at least the LQS.<sup>12</sup> This will be so even if their employer has excess FW quota, or if the Sectoral and Occupational PWs do not apply to them.

**3.5.4** The LQS is a stable benchmark that has been in place for many years, set based on an established methodology. The Government has progressively raised the LQS over the years to keep pace with actual wage outcomes of our lower-wage workers. This has helped to raise the wages of some lower-wage workers. A study by MOM found that raising the LQS resulted in wage increases for lower-wage workers earning at the LQS threshold. For example, when the LQS was raised from \$1,300<sup>G</sup> to \$1,400<sup>G</sup> in July 2020, 6 in 10 locals that previously earned \$1,300<sup>G</sup> – \$1,399<sup>G</sup> in June 2020 saw their wages immediately increase to \$1,400<sup>G</sup> – \$1,499<sup>G</sup> in the following month.

**3.5.5 Recommendation 4 – Firms employing foreign workers have to pay at least the Local Qualifying Salary to all local workers from 1 September 2022. This will be so even if the firm has excess foreign worker quota, or the Sectoral or Occupational Progressive Wages do not apply to the firm’s local workers. This will cover an additional 99,000 (35%) of our full-time lower-wage workers<sup>13</sup> (see Figure 3.6).**

**Figure 3.6: Coverage of Progressive Wages by Sectoral PWs, Occupational PWs and Local Qualifying Salary**



Source: Comprehensive Labour Force Survey and Administrative Records, MRSD, MOM.

Note: Base is total of 283k full-time resident employees earning at or below the 20<sup>th</sup> percentile gross monthly income from work (excluding employer CPF) of full-time employed residents.

<sup>12</sup>The Workgroup agrees that in the case of the pay of FWs, employers are responsible for their healthcare, accommodation and other related costs during their stay in Singapore. Hence, it is inappropriate for the LQS to be applied to them.

<sup>13</sup>A further 42,000 part-time workers earning up to \$2,033<sup>G</sup> will also be covered.



## 3.6 PART-TIME WORK AND OVERTIME HOURS UNDER LQS

**3.6.1** In mandating the LQS for all local employees in firms that hire FWs, we should avoid two unintended consequences:

- a. That firms find that it is not viable to hire part-time workers. This would reduce the flexibility and harm the employability of workers who need such flexibility; and
- b. That workers find that although their monthly gross wage increases, they are required to work longer hours than before, such that after taking into account additional hours worked, their wages are not uplifted.

**3.6.2** The Employment Act defines full-time work as at least 35 hours per week, and in general, overtime applies when the worker works more than 44 hours a week. Data on working hours of our full-time lower-wage workers show that such workers typically work an average of 44 hours per week.

**3.6.3** A starting point would be to pro-rate the LQS of \$1,400<sup>6</sup> of a full-time worker, based on the typical 44 hour workweek. We should further take into account that part-time workers fill short-term demands at short notice, and so the effective hourly rate of work should be expected to be higher than that for a stable full-time working arrangement. Part-time workers also receive pro-rated benefits such as annual leave entitlements. Part-time work can also be more variable, resulting in less stability in income.

**3.6.4** Hence, the Workgroup recommends that for locals working part-time (i.e. less than 35 hours per week<sup>14</sup>), their required LQS should be at least \$9<sup>6</sup> per hour. This is about 25% higher than the hourly-equivalent when pro-rated by 44 hours a week. This required LQS for part-time workers will be correspondingly adjusted should the LQS be revised in future.

**3.6.5** For locals working overtime, Part IV of the Employment Act requires overtime rates of pay to be at least 1.5 times the rate of basic pay. In addition to this requirement, as the LQS is expressed in terms of monthly gross wages, the Workgroup recommends that the minimum LQS requirement be increased at 1.4 times the hourly-equivalent LQS for each hour of overtime.<sup>15</sup> [Figure 3.7](#) illustrates the wage schedule for local workers not covered by Sectoral or Occupational PWs but covered by the LQS.

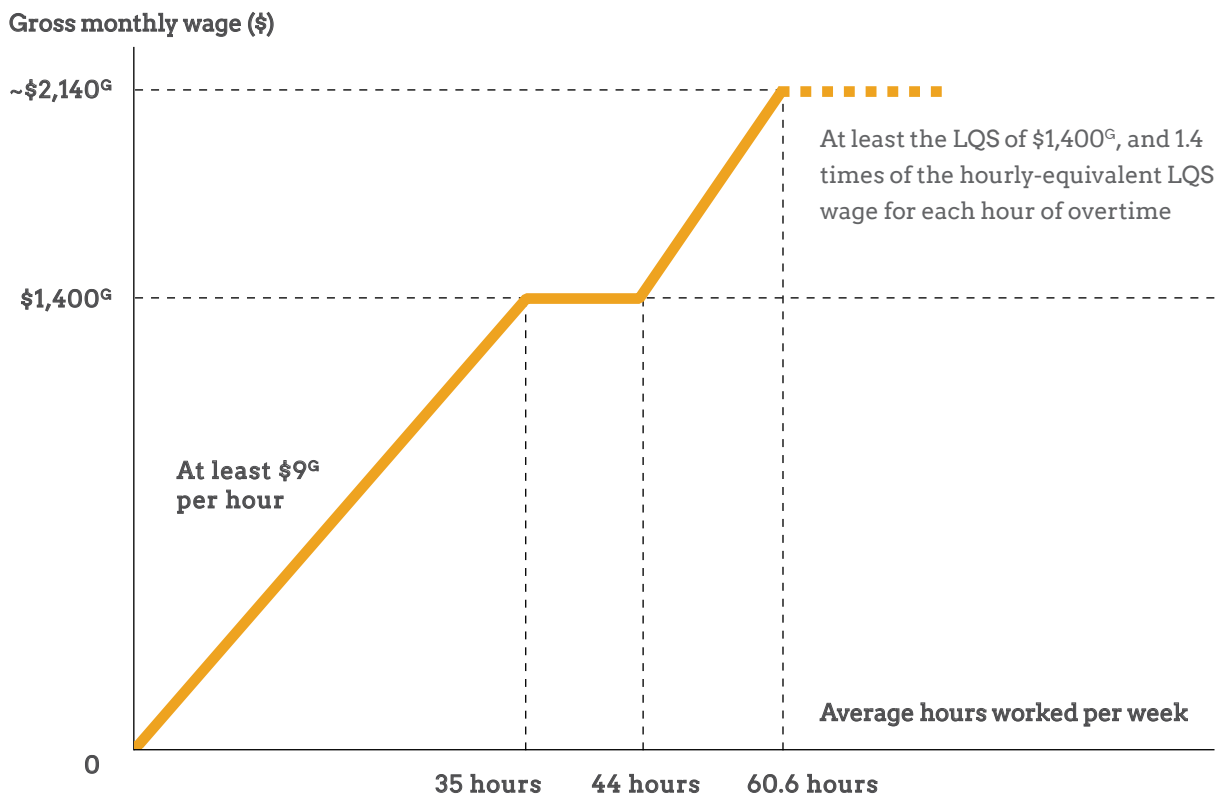


<sup>14</sup>Section 66A of the Employment Act.

<sup>15</sup>The effective multiplier of 1.4 times the hourly-equivalent LQS is derived as follows: (i) the basic wage to gross wage ratio of local workers earning the LQS of \$1,400<sup>6</sup> is around 0.9; and (ii) hence, the effective multiplier is 0.9\*1.5 or around 1.4.

- 3.6.6** The detailed wage schedule will be made publicly available and easily accessible by firms to help employers meet the necessary wage requirements for their lower-wage workers. The monthly gross wage schedule for the LQS based on hours worked per week can be found in [Appendix C](#).

**Figure 3.7: LQS wage schedule (gross monthly wages) for locals**



Note: The natural limit to the LQS is ~\$2,140<sup>c</sup>, which corresponds to the maximum number of overtime hours permissible under the Employment Act i.e. 72 hours per month, or 60.6 hours per week.

## Part-Time Work and Overtime under Sectoral and Occupational PWs

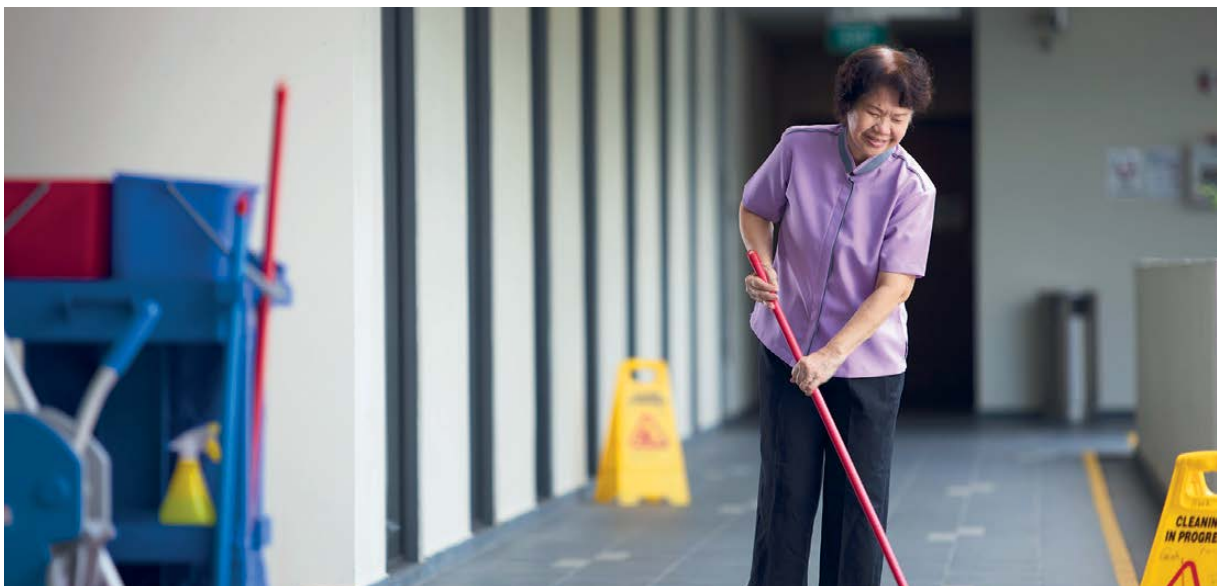
**3.6.7** The Workgroup recommends that the same approach for part-time jobs under the Sectoral and Occupational PWs be adopted, with the following modifications:

- a. The hourly-equivalent Sectoral and Occupational PWs should be pro-rated on the basis of 44 hours of work per week. This is already the approach taken in the existing sectoral PWMs, e.g. Cleaning.<sup>16</sup>
- b. The hourly-equivalent rate of Sectoral and Occupational PW levels should be at least the LQS part-time rate (i.e. \$9<sup>G</sup> per hour). If it is higher than \$9<sup>G</sup> per hour, there is no need to raise the hourly-equivalent rate by 25%, as described in [Paragraph 3.6.4](#) for the LQS. This is in recognition that the PWMs also define job and wage rungs that are well above the 20<sup>th</sup> percentile wage.

**3.6.8** For locals working overtime (i.e. more than 44 hours per week), the effective multiplier on the hourly-equivalent PW wage requirements should also be lower than 1.5 times, because Sectoral and Occupational PWs will also be expressed in terms of monthly gross wages.<sup>17</sup> The tripartite partners will engage with the industry, deliberate further and set out the multiplier for Sectoral and Occupational PWs before they are implemented.<sup>18</sup>

**3.6.9** The wage schedules and requirements will be publicised and easily accessible to help employers meet the necessary wage requirements for their lower-wage workers.

**3.6.10** **Recommendation 5 – Progressive Wages and Local Qualifying Salary will be converted to fair hourly rates for those working part-time or overtime. This will provide firms flexibility to hire locals on different work arrangements without losing foreign worker access, while ensuring fair wages for workers based on their hours worked.**



<sup>16</sup>With reference to the Employment Act stipulation that Part IV workers should not be contractually required to work more than 44-hrs per week. Most workers eligible for Sectoral and Occupational PWs would be considered Part IV workers.

<sup>17</sup>Similar to the LQS, the requirement under Part IV of the Employment Act for overtime rates of pay to be at least 1.5 times the rate of basic pay will continue to apply.

<sup>18</sup>Existing Sectoral PWs (Cleaning, Security, Landscape Maintenance, Lift) are implemented using basic wages. Hence, there is no need to introduce an overtime multiplier. However, when they are implemented using gross wages in future cycles (see Recommendation 11), the overtime multiplier will be required.

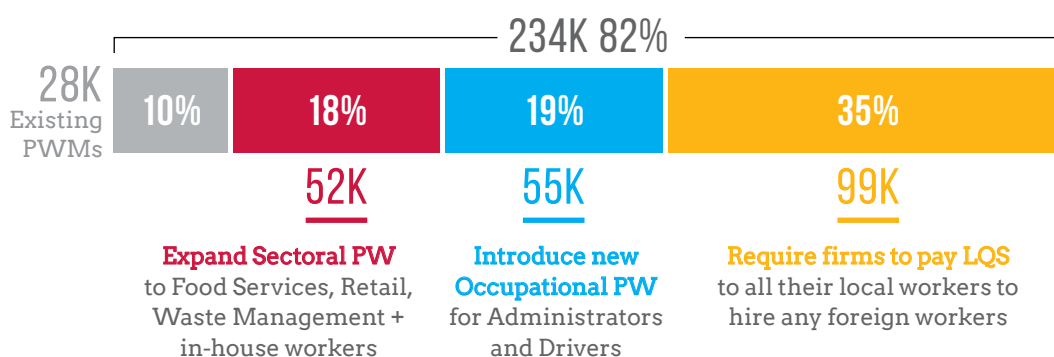
### Calculation of FW Quota to remain unchanged

- 3.6.11** The Workgroup has recommended that firms employing foreign workers have to pay at least the LQS to all local workers, even if the firm has excess foreign worker quota, or the Sectoral or Occupational PWs do not apply to the firm's local workers (see Recommendation 4).
- 3.6.12** The calculation of FW quota for firms will, however, remain unchanged. It will continue to be based on the number of locals paid at least the LQS (\$1,400<sup>G</sup> currently) who will count as one local worker, and those paid at least half of the LQS (\$700<sup>G</sup> to below \$1,400<sup>G</sup>) who will count as half a local worker. Locals paid below \$700<sup>G</sup> will not count towards the firm's FW quota.

## 3.7 COVERAGE OF PROGRESSIVE WAGE APPROACH

- 3.7.1** These four thrusts to expand the Progressive Wage approach – to (i) new sectors, (ii) in-house workers, (iii) occupational groups, and (iv) the LQS for all other workers not covered by Sectoral and Occupational PWs – will cover 234,000 (82%)<sup>20</sup> of our full-time lower-wage workers<sup>21</sup> (see Figure 3.8). When fully implemented, it will achieve our ambition to substantially cover all our lower-wage workers under the Progressive Wage approach.
- 3.7.2** The Workgroup consulted extensively with industry. There was recognition that these moves should be made at a pace that businesses can manage and to also uplift our lower-wage workers as early as we can. There was also agreement that these moves can be made over a couple of years, in two stages – on 1 September 2022 and 1 March 2023. The Workgroup also agreed that we should be prepared to adjust this timeline in the event of significantly adverse economic conditions.

**Figure 3.8: Overall Coverage of Expanded Progressive Wage Approach**



Source: Comprehensive Labour Force Survey and Administrative Records, MRSD, MOM.

Note: Base is total of 283k full-time resident employees earning at or below the 20<sup>th</sup> percentile gross monthly income from work (excluding employer CPF) of full-time employed residents.

<sup>20</sup>This consist of 81.8% of full-time lower-wage workers who work in firms that employ foreign workers and 0.6% who work in firms that do not employ foreign workers but are subject to licensing conditions under the existing PWMs.

<sup>21</sup>A further 99,000 part-time workers earning up to \$2,033<sup>G</sup> will also be covered.

## 3.8 ENSURING SUSTAINABLE WAGE GROWTH

### Establishing the ‘Starting Line’

- 3.8.1** The starting baseline wage for Sectoral and Occupational PWs has to be set at a meaningful level, and yet not too high so as to minimise the risk of unemployment effects. When setting the starting baseline wage, the job scope, skills required, wages of adjacent jobs/ jobs at the next rung, the wage percentile of the existing jobs, and job progression have to be considered.
- 3.8.2** Through the Sectoral PW approach, the variability of wage structure, such as allowances and incentives in the sector, can be taken into account in the design of the PWM. This would allow a more customised approach to minimise the disruption of the existing incentive structure in the sector, leading to lower productivity, and to avoid raising any occupation above others, resulting a lifting of wages across the board.



Photo produced by NTUC U Care Centre.

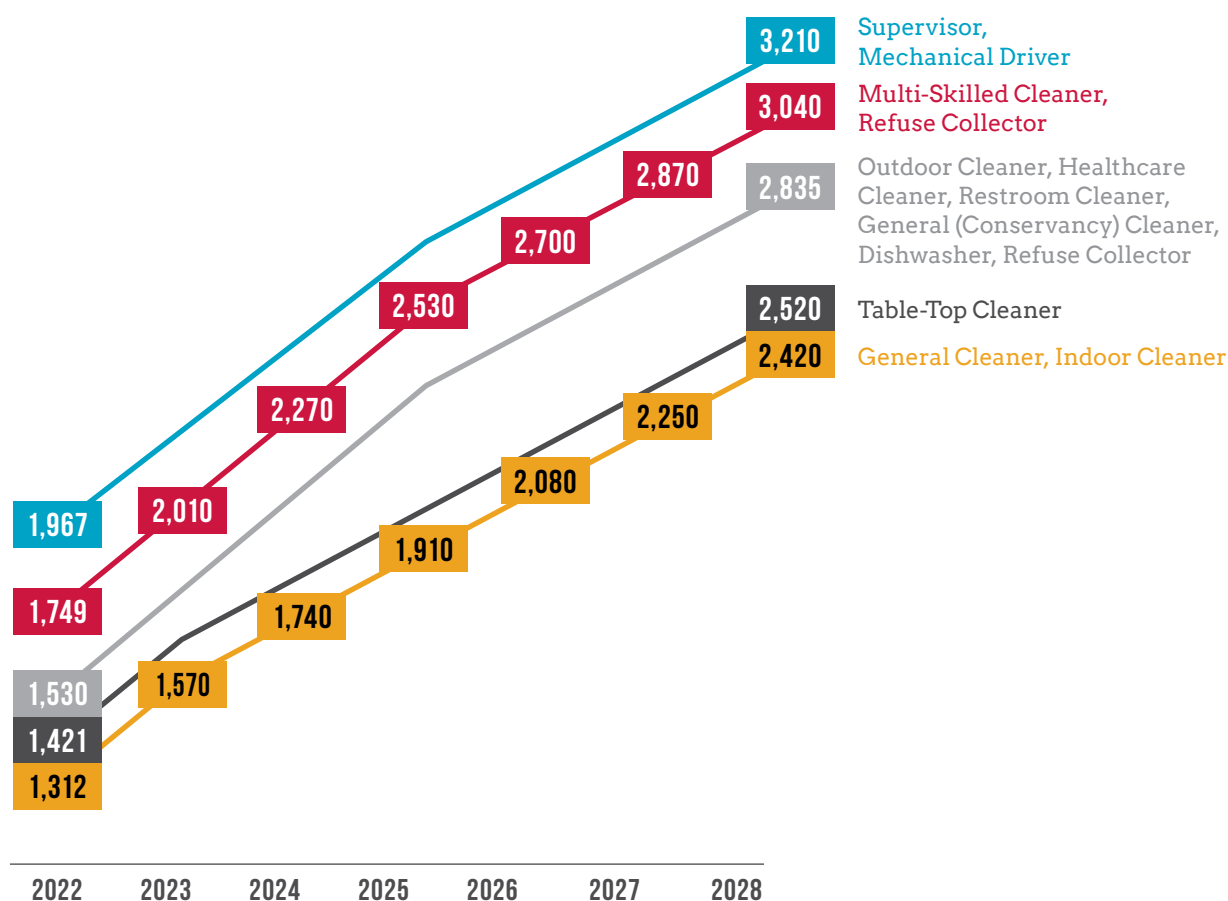
### Concept of “Median-Plus” Wage Growth

- 3.8.3** From 2009 to 2019, lower-wage workers saw higher income growth than the median worker. The *real* growth in income for the 20<sup>th</sup> percentile of the resident workforce was 3.4% per annum, compared to 2.9% per annum for the median worker.<sup>22</sup> This meant that the wages of lower-wage workers have not only grown but also gained ground on the median. The Workgroup believes we should build on this progress and further uplift them, to foster a fairer and more cohesive society.
- 3.8.4** For a developed economy like Singapore’s, it is remarkable that *real* median wage growth has grown by almost 3% per annum over the past decade. Going forward, our lower-wage workers’ wage growth must grow even faster than that of the median worker consistently over the next decade or so to gain sufficient ground on the median.
- 3.8.5** The Workgroup is heartened by the strong support from employers who, working together with the Labour Movement and the Government, have enabled our lower-wage workers’ wages grow faster than the median worker. With continuing efforts to enhance productivity and better train workers, there is potential for higher wage growth for our workers with the lowest wages, such as General Cleaners. Higher wage growth should be considered especially for jobs with potential for higher productivity, e.g. Multi-Skilled Cleaners. Their wages can grow faster in view of productivity improvements made by workers in these jobs.

<sup>22</sup> Real Change in Gross Monthly Income from Work (Including Employer CPF) of Full-Time Employed Residents, June 2009 – 2019. Source: Comprehensive Labour Force Survey, MRSD, MOM. Deflated by Consumer Price Index for all items at 2019 prices (2019=100).

**3.8.6** A good example would be the Cleaning PWM, whose next 6-year wage schedule was recently recommended by the Tripartite Cluster for Cleaners in June 2021. The wages of General Cleaners will grow the fastest amongst the Cleaning PWM wage rungs at 10.7% per annum (or 84% cumulatively) from 2022 to 2028. The Multi-Skilled Cleaner, whose role has significant scope for productivity improvements will grow at 9.7% per annum (or 74% cumulatively) over the same period. These rates of wage growth are expected to be significantly higher than future median wage growth (which, as a reference, grew by 4.4% per annum in nominal terms from 2009 to 2019). Refer to [Figure 3.9](#).

**Figure 3.9: Cleaning PWM's basic monthly wage rung increases from 2022 – 2028 (\$)**



Source: Recommendations of the Tripartite Cluster for Cleaners on the Review of the Progressive Wage Model for the Cleaning Industry, June 2021.

Note: Refer to the Source for the wage rung increases for all jobs.



**3.8.7** Conversely, there is less need to extensively raise the wages of more senior PWM job rungs that are not lower-wage worker occupations. For example, the PWM basic wage rung of a Principal Specialist in the Lift & Escalator PWM in 2021 is \$2,560<sup>B</sup>. This is above the 20<sup>th</sup> percentile gross wage of the full-time resident workforce at \$2,033<sup>C</sup> in 2020. Wages of such job rungs can continue to grow at a pace suited to the market, e.g. 4.4% per annum wage growth for Principal Specialists.

**3.8.8** **Recommendation 6 – (i) Baseline Progressive Wage growth for workers at the 20<sup>th</sup> percentile should outpace median wage growth, so that lower-wage workers gain ground with the median; (ii) aim for higher than baseline Progressive Wage growth for lower-paid lower-wage workers; and (iii) lower than baseline Progressive Wage growth for workers in wage rungs above the 20<sup>th</sup> percentile wage level.** The tripartite partners should determine and update Progressive Wage growth regularly to ensure that lower-wage workers' wages continue to move closer to the median while at the same time maintain the sustainability of their wage growth.

### 3.9 WAGE GROWTH FOR LOWER-WAGE WORKERS TO OUTPACE PRODUCTIVITY

**3.9.1** The Workgroup affirms the longstanding tripartite principle that wages must grow in tandem with productivity to be sustainable over the longer term.

**3.9.2** However, our lower-wage workers may be in roles with limited scope for productivity improvement currently; it could take employers some time to upskill them and raise their firms' productivity. Therefore, to raise the wages of lower-wage workers to gain ground on the median, the Workgroup expects their wage growth to outpace productivity in the short term.

**3.9.3** Employers must continue with overall efforts to raise productivity. These efforts should go beyond only upskilling workers to also raising productivity at the enterprise level. Employers should do so through business transformation, harnessing technology and job re-design. For example, employers in the cleaning sector can transform their processes to deploy their workforce more effectively by using workforce management systems, which allow for optimised scheduling of tasks, monitoring the status of jobs and automated attendance tracking.

**3.9.4** **Recommendation 7 – Maintain the overarching principle that wages should continue to keep pace with productivity growth, but provide scope for wage growth for lower-wage workers to outpace productivity. As lower-wage workers may be in roles with limited scope for productivity improvement, businesses should continue to enhance their firm-level productivity to better support wage increases for workers.**

**3.9.5** A whole-of-society effort is needed to adjust to these wage increases for lower-wage workers. Service buyers and consumers may have to pay slightly more for good and services.

**3.9.6** Outcome-based contracting (OBC) is another key measure to raise enterprise-level productivity in outsourced sectors, such as Cleaning and Security. OBC, as opposed to headcount-based contracting, focuses on clear, deliverable outcomes for service buyers. This enables service providers to innovate and be more productive, which in turn creates better jobs, enables employers to pay their lower-wage workers higher salaries and addresses manpower constraints. Service buyers are encouraged to move to OBC, and work with their service providers to achieve mutually beneficial outcomes. Tripartite partners have and should continue to push for OBC.<sup>23</sup>

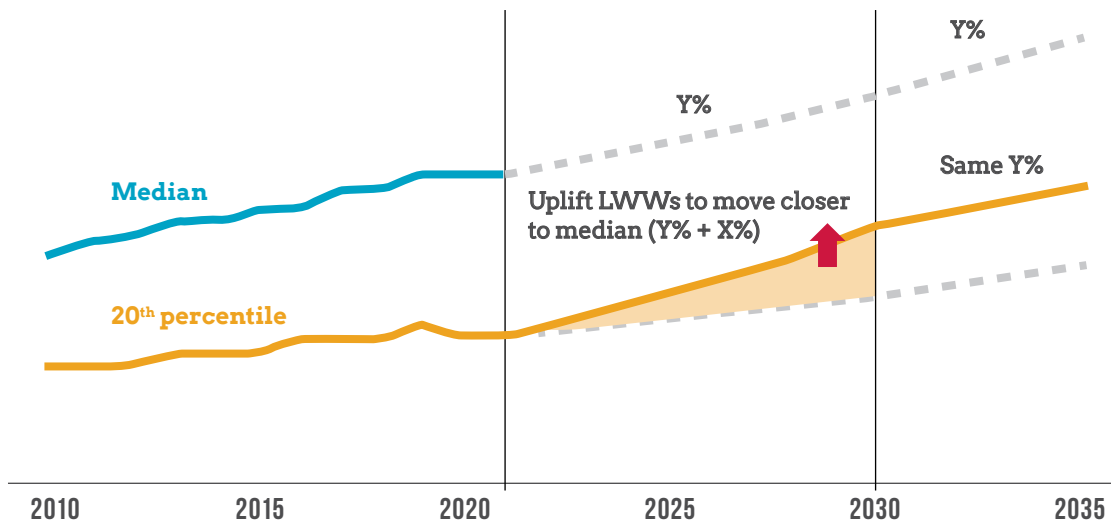
<sup>23</sup> In 2008, MOM, NTUC and SNEF jointly published a Tripartite Advisory on Best Sourcing Practices, applicable industry-wide. NEA and MHA have since published specific guidance on adopting OBC in the Cleaning and Security sectors respectively. The Government has also adopted OBC for all new cleaning and security contract tenders since 1 May 2020. The private sector (commercial and residential buyers) should follow suit and move away from headcount-based contracting, leveraging technology to raise labour productivity.



### 3.10 TIMEFRAME FOR ACCELERATED WAGE GROWTH FOR LOWER-WAGE WORKERS

**3.10.1** The Workgroup is of the view that the Progressive Wage growth formula should be adopted broadly over this decade until 2030 – a suitable timeline to provide employers sufficient time to raise their lower-wage workers' wages, while supporting lower-wage workers to see significant increases in their wages over time. When lower-wage workers' wages have moved sufficiently closer to the median, the formula can be reviewed accordingly. Their wages could then grow at a similar pace with the median worker. [Figure 3.10](#) below illustrates this.

**Figure 3.10: Illustration of the Workgroup's intent for lower-wage workers' wages to move closer to the median worker by 2030 before tapering to a growth rate similar to the median worker**



Source: Comprehensive Labour Force Survey, MRSD, MOM.

## SUMMARY OF RECOMMENDATIONS

### To refresh our Progressive Wage approach and coverage to boost wages to gain ground with median

1. Expand Progressive Wages to new sectors: Retail from 1 September 2022, Food Services from 1 March 2023, and Waste Management from 2023.
2. Extend existing Cleaning, Security and Landscape PWMs to in-house workers from 1 September 2022.
3. Introduce new Occupational Progressive Wages to Administrators and Drivers from 1 March 2023.
4. Firms employing foreign workers have to pay at least the Local Qualifying Salary to all local workers from 1 September 2022. This will be so even if the firm has excess foreign worker quota, or the Sectoral or Occupational Progressive Wages do not apply to the firm's local workers.
5. Progressive Wages and Local Qualifying Salary will be converted to fair hourly rates for those working part-time or overtime. This will provide firms flexibility to hire locals on different work arrangements without losing foreign worker access, while ensuring fair wages for workers based on their hours worked.
6. Baseline Progressive Wage growth for workers at the 20<sup>th</sup> percentile should outpace median wage growth, so that lower-wage workers gain ground with the median. Aim for higher than baseline Progressive Wage growth for lower-paid lower-wage workers; and lower than baseline Progressive Wage growth for workers in wage rungs above the 20<sup>th</sup> percentile wage level.
7. Maintain the overarching principle that wages should continue to keep pace with productivity growth, but provide scope for wage growth for lower-wage workers to outpace productivity. As lower-wage workers may be in roles with limited scope for productivity improvement, businesses should continue to enhance their firm-level productivity to better support wage increases for workers.



# CHAPTER 4: INSTITUTIONS

## CHAPTER 4: INSTITUTIONS

The journey to uplift our lower-wage workers cannot be accomplished overnight but must be pursued consistently over many years. It is necessary to ensure that the right institutional arrangements are put in place, so that the Workgroup’s vision and objectives in this Report can be progressively realised.

Trusted and credible tripartite bodies like the National Wages Council and sectoral Tripartite Clusters can provide guidance to the industry so that Progressive Wages grow in line with the Workgroup’s proposed “Median-Plus” Wage Growth approach, taking economic conditions into account. Effective systems – MOM’s Work Pass System in tandem with sectoral licensing and registration regimes – also need to be in place to ensure strong compliance with Progressive Wages, particularly as we expand their coverage.

### 4.1 TRIPARTITE CLUSTERS

- 4.1.1** The Tripartite Cluster (TC) of each sectoral Progressive Wage Model (PWM) has been essential in developing and enhancing the PWMs, supporting tripartite negotiations and building consensus.
- 4.1.2** Instead of a one-size-fits-all approach, the Sectoral Progressive Wages (PWs) allow stakeholders to take sector-specific circumstances into account. The TCs can advance the Sectoral PWs at a pace suited to their sector, considering market conditions and what each sector can manage. This is exemplified by robust growth of wages in the Cleaning, Landscape Maintenance and Lift & Escalator PWMs in the upcoming years, which other sectors may not be able to meet at this point. The established sectoral TCs have learnt over time to harness the PWM design to benefit their workers and the sector, leveraging productivity improvement efforts, technology, and better skilled employees. This is the product of a multi-year tripartite collaboration.



Photo produced by NTUC UCare Centre.

- 4.1.3** TCs also help to address employment issues holistically. For example, the Security sector had been overly reliant on overtime (OT) hours, with security officers often working 6-day weeks, clocking up to 95 OT hours a month. The Security Tripartite Cluster (STC) resolved to transform industry practices by recommending the removal of overtime exemption (OTE) from 1 January 2021 such that security agencies could deploy security officers for only up to 72 OT hours a month. At the same time, the STC raised security officers’ PWM wages to maintain their gross wages while working fewer hours.<sup>1</sup>
- 4.1.4** The TCs remain relevant and are key to ensuring that the Sectoral PWs continue to uplift our lower-wage workers in their respective sectors while supporting their continued growth and transformation.

<sup>1</sup>While working hours have reduced, the work-week patterns of security officers have largely remained at a 6-6-6-6 working days per week pattern and not improved to 6-5-6-5 as envisaged with more rest days for SOs. The STC is exploring further measures to address this.

## 4.2 NATIONAL WAGES COUNCIL (NWC)

**4.2.1** The NWC is a longstanding tripartite platform, established in 1972, to provide general guidelines on wage policy, as well as recommended adjustments to wage structure. The NWC comprises nominated representatives from employer groups like the Singapore National Employers Federation, union leaders from the National Trades Union Congress, and senior representatives from Government agencies.

**4.2.2** Since 2012, the NWC has been making specific wage recommendations for lower-wage workers to ensure that their wages keep up with overall economic growth. In the 2020/2021 NWC Guidelines, employers were encouraged to give special consideration to workers earning up to a basic monthly wage of \$1,400. Employers implementing a general policy of wage increase or wage freeze were advised to consider granting a wage increase of up to \$50 for such workers, while employers implementing a general policy of wage cut were advised to implement wage freeze for such workers instead.



**4.2.3** The NWC is therefore well-positioned to negotiate and provide national-level guidance on the rate of baseline Progressive Wage growth. TCs should take reference from this recommended Progressive Wage growth in deriving the wage growths for each of their PWMs, taking into consideration their sector-specific circumstances. As the NWC also takes into account the overall economic and labour market situation when formulating its recommendations, it is important that the posture adopted for wage growth for our lower-wage workers is compatible with overall economic conditions. This will be especially important in the next few years as the economy navigates a path out of the COVID-19 pandemic. At the same time, the newly-introduced Occupational PWs will cover a wide range of sectors. It is not feasible to convene sectoral TCs to determine the wage growth for Occupational PWs. The NWC is well-placed to recommend wage growth for the Occupational PWs, along with skills and training requirements.

**4.2.4** **Recommendation 8 – The National Wages Council should set annual guidance for Progressive Wage growth and recommend annual wage growth of Occupational Progressive Wages.**

**4.2.5** In particular, the Workgroup recommends that the NWC undertake the following roles:

- a.** Annually recommend a range of Progressive Wage growth for lower-wage workers, based on the concept of “Median-Plus” wage growth. This will guide TCs in their negotiations for wages for their respective sectors, as well as the rest of the economy; and
- b.** Regularly review and recommend the wage levels of Occupational PWs and accompanying skills and training requirements.

## 4.3 IMPLEMENTATION MECHANISM FOR PROGRESSIVE WAGES

- 4.3.1** Historically, Sectoral PWs relied on the licensing or registration of Security, Cleaning or Landscape Maintenance firms to ensure that all lower-wage workers were paid the applicable Sectoral PW. Firms that fail to do so would be subjected to consequences by the licensing authority.
- 4.3.2** With the expansion of Sectoral PWs to in-house workers and new sectors, and the new concept of Occupational PW, a new mechanism has to be found to ensure the firms pay the applicable PWs to lower-wage workers. Such a system should not burden businesses with onerous reporting requirements. At the same time, it should provide monthly data when salaries are paid, to ensure ongoing compliance. We should not depend primarily on lower-wage workers flagging out instances of non-compliance. Employers also benefit from a high level of compliance by other firms, as it assures them that by paying the applicable PW, they are not disadvantaged by other firms that choose to avoid the PW.
- 4.3.3** Fortunately, MOM has a system already in place that can be tapped to support the implementation of Progressive Wages. Employers already declare the salaries of local workers to the CPF Board and make the required CPF contributions. As part of maintaining good labour market statistics, MOM already receives additional data from employers on the occupation and hours worked of workers. Finally, MOM's Work Pass system already uses such data to determine the foreign worker quota of a firm. With the vast majority (82%) of full-time lower-wage workers employed by firms that also employ foreign workers, this system can be used to ensure a high level of compliance with the applicable Progressive Wages. It is also reasonable to expect that firms hiring foreign workers pay their lower-wage workers fairly.
- 4.3.4** What about the minority of full-time lower-wage workers who work in firms that do not hire any foreign workers? The vast majority of them work in very small firms hiring fewer than 10 workers, including small family operations such as hawker stalls and heartland shops. Some countries that implement the Minimum Wage, such as the US and UK, have similar practices where small businesses or family members are excluded from the requirements. It is reasonable to exclude these firms from being *required* to pay the applicable PW. Nevertheless, we expect many of them will still take into account the Progressive Wages, which influence the wage levels for those jobs in the labour market.
- 4.3.5** **Recommendation 9 – Firms employing foreign workers have to pay at least the relevant Sectoral or Occupational Progressive Wages to all local workers in applicable job roles.** This would include firms not currently licensed or registered as cleaning, security or landscape maintenance firms, but that employ foreign workers and hire local workers in applicable jobs (e.g. general cleaners, security officers, landscape maintenance workers, administrative executives).
- 4.3.6** To allow companies to understand the requirements and have adequate time to make adjustments, MOM will implement a run-in period for each phase of moves, starting with those implemented in September 2022 (e.g. requiring firms employing foreign workers to pay at least the LQS to all local workers). During the run-in period, our focus will be on educating firms on the Progressive Wages to be paid. We expect that companies coming on board during the second phase of moves in March 2023 (e.g. implementing the Occupational PWs) would require less time to understand the requirements, given that all firms that hire foreign workers would already pay all their local workers the LQS that was implemented earlier.



**4.3.7** Employers that do not pay Progressive Wages and the LQS to applicable workers will be notified by MOM about the under-payment of wages. They will be given reasonable time to rectify the under-payment. If they do not, they will not be able to apply for new Work Passes or renew their existing Work Passes until they do so. If they rectify the under-payment, the full functions of their Work Pass accounts would be restored.

**4.3.8** The licensing and registration frameworks for existing Sectoral PWs will continue to complement and reinforce MOM's Work Pass system. Firms that employ foreign workers but do not pay Progressive Wages and the LQS to all their local workers could in addition be liable for penalties under the respective licensing and registration framework.

**4.3.9** **Recommendation 10 – Leverage the Work Pass system to ensure that employers pay Progressive Wages and Local Qualifying Salary before they can access any foreign workers, while complemented by current licensing regimes.**

## 4.4 EXPRESSING PROGRESSIVE WAGES IN GROSS TERMS

**4.4.1** The Cleaning, Security and Landscape Maintenance PWs are implemented using monthly basic wages. On the other hand, the LQS adopts a gross wage metric. With the combination of Progressive Wages and the LQS to form the strategy of uplifting lower-wage worker wages, the Workgroup recognises that a consistent wage metric would aid in employers' compliance and workers' ease of understanding.

**4.4.2** The Workgroup notes that the market also generally advertises monthly gross wages. Jobseekers also consider gross wages more relevant for comparison. In addition, for sectors with commissions or performance incentives built into their wage structure, expressing salaries as monthly basic wages can confuse and give the misleading impression that such jobs pay poorly. This can hamper their efforts to recruit workers.

**4.4.3** As such, the Workgroup recommends for Progressive Wages to be expressed in gross terms in the long-term. The new Sectoral and Occupational PWs will thus have stipulated monthly gross wage levels. In addition to basic wages, other variable components such as allowances, commissions and overtime payments can be included to meet the required monthly gross wage. As per the practice in existing Sectoral PWs, bonuses (e.g. Annual Wage Supplement) and other lump sum payments will continue to be excluded from the monthly wage computation.

**4.4.4** This shift would align the wage metrics of Progressive Wages and the LQS to be on *gross* terms. It would accord firms with more flexibility to structure wages according to their specific firm-level needs. For existing Sectoral PWs whose recommendations on proposed *basic* wage rungs have been recently announced, the Workgroup recommends that they may continue to remain on basic terms and shift to gross terms at the TCs' next wage review.

**4.4.5** **Recommendation 11 – In the long-term, express Progressive Wages in gross terms.**



## SUMMARY OF RECOMMENDATIONS

### To leverage our institutions to ensure sustained wage growth

8. The National Wages Council should set annual guidance for Progressive Wage growth and recommend annual wage growth of Occupational Progressive Wages.
9. Firms employing foreign workers have to pay at least the relevant Sectoral or Occupational Progressive Wages to all local workers in applicable job roles.
10. Leverage the Work Pass system to ensure that employers pay Progressive Wages and Local Qualifying Salary before they can access any foreign workers, while complemented by current licensing regimes.
11. In the long-term, express Progressive Wages in gross terms.



## CHAPTER 5: SUPPORT

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The Workgroup recognises that uplifting lower-wage workers is our collective responsibility as a society and a collective effort with everyone doing their part.

The Government plays a key role in supporting lower-wage workers through Workfare and other schemes, and can also support employers in the transition to adopting Progressive Wages.

Individual consumers and corporate buyers can show their support and be assured that their purchases will benefit lower-wage workers through a publicly recognisable Progressive Wage Mark ("PW Mark").

Singaporeans keen to step forward and support our lower-wage workers can connect through a platform like the Alliance for Action for Lower-Wage Workers.

Through sustained efforts, we can all bring about better wages and well-being for our lower-wage workers.

### 5.1 GOVERNMENT SUPPORT THROUGH WORKFARE

**5.1.1** Introduced in 2007, Workfare Income Supplement (Workfare) is the foundation of the Government's support for lower-wage workers. It continues to help the bottom 20% of workers, with some support for those slightly above. It supplements the incomes of lower-wage workers in cash and helps them save more for retirement. This encourages them to work regularly, rather than rely on welfare measures.

- a.** Workfare boosts the incomes of lower-wage workers by up to 30% annually, in cash and CPF top-ups. Currently, about \$850 million in Workfare payouts are disbursed each year.
- b.** Workfare also supports lower-wage workers to upskill themselves, increase their productivity, find better jobs and earn higher wages through the Workfare Skills Support Scheme. Since it was introduced in 2010,<sup>1</sup> the Government has spent an average of \$60 million per year to support lower-wage workers in upgrading their skills, so as to enhance their employability.

- c.** The Government assisted lower-wage workers with the one-off Workfare Special Payment of \$3,000, fully in cash, on top of the regular Workfare payouts. In total, more than 500,000 Singaporean workers benefitted from about \$1.6 billion of Workfare Special Payment as at August 2021.

**5.1.2** Workfare is a permanent pillar of our social security system and its eligibility criteria is regularly reviewed to take into consideration increases in our lower-wage workers' incomes. Most recently, MOM made significant enhancements to Workfare in 2017 and 2020, by raising the qualifying income cap and Workfare payouts.

**5.1.3** **Recommendation 12 – Government should review Workfare regularly to ensure that lower-wage workers continue to be supported even as Progressive Wages become more pervasive.**

<sup>1</sup>Introduced as the Workfare Training Support Scheme.

## 5.2 TRANSITIONAL SUPPORT FOR EMPLOYERS

- 5.2.1** The Workgroup acknowledges that the Progressive Wage moves are very significant and are implemented amidst economic uncertainty and impact multiple sectors. Many firms will be affected by more than one Progressive Wage move, while economic recovery may take several years. The sustained wage increase required over the coming decade to fulfil our ambition to uplift lower-wage workers will exert significant pressure on employers' wage costs and impact their profitability.
- 5.2.2** Furthermore, the COVID-19 pandemic has impacted industries significantly, with intermittent closures and restrictions affecting the retail and food services sectors in particular.
- 5.2.3** The Workgroup notes that employers will require strong support from the Government to afford the wage cost increases. This is even as they seek ways to boost their firm-level productivity and each sector transforms to adapt to technological innovations and meet new consumer demands. This transitional support will cushion the impact on business costs and allow time for firms to adjust.
- 5.2.4** **Recommendation 13 – Government should provide transitional support for employers, with higher support in the initial phase as businesses recover from the impact of COVID-19.**

## 5.3 SOCIETAL SUPPORT FOR LOWER-WAGE WORKERS

### Advancing Lower-Wage Workers' Well-Being

- 5.3.1** During the Workgroup's consultations with our lower-wage workers, they shared various aspirations. First, to acquire more skills to get into better-paying jobs. Second, to receive greater support for their workplace safety and health including better assessment of risks at their workplaces and attending modules to improve their health. Third, to have access to proper rest areas at work, especially if they were outsourced workers performing their roles at external venues and not employees of the service buyers.
- 5.3.2** It is right that we go beyond just uplifting their wages, to focus on these important areas. Over time, there is scope to further expand the coverage to include more progressive practices in other areas, such as age-friendly workplace practices.<sup>2</sup>
- 5.3.3** **Recommendation 14 – Beyond wages, employers should advance the well-being of lower-wage workers by (i) supporting them to upskill and progress in their careers; (ii) providing them with a safe and healthy work environment; and (iii) providing them with adequate rest areas.**

<sup>2</sup>Including enhancing retirement adequacy for older lower-wage workers.

**5.3.4** A Tripartite Standard for employers of lower-wage workers can guide and encourage employers to advance their lower-wage workers’ well-being. Adopting it sends a strong signal of commitment by employer to advance their lower-wage workers’ well-being beyond wages. This allows the public to identify them as progressive employers and enable them to attract and retain workers.<sup>3</sup>

**5.3.5** **Recommendation 15 – Establish a new Tripartite Standard on Advancing Lower-Wage Workers’ Well-Being, to help more firms adopt and implement the specified practices and be publicly recognised for doing so.**

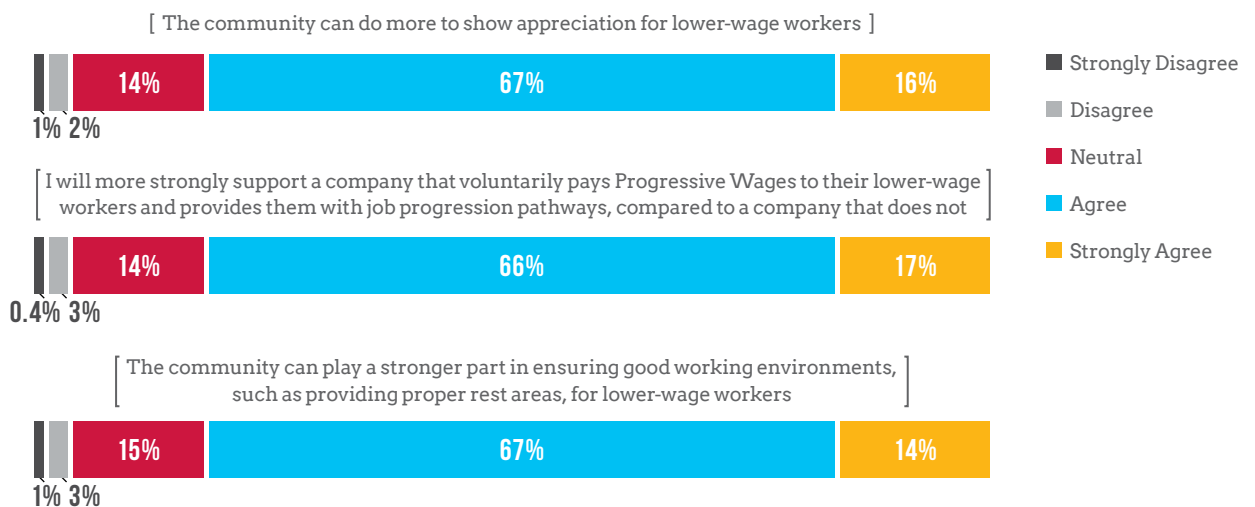
### Progressive Wage Mark

**5.3.6** The Workgroup believes that the Progressive Wage moves are necessary and all of society has a role to play to support our lower-wage workers. The tripartite partners fully support the 4 "W"s of Workfare, Progressive Wage Model, Workright and Workcare. Strengthening our social compact, however, cannot be done only by employers, unions and the government. Corporate citizens and members of the public can and should do their part as well.

**5.3.7** Through the Workgroup’s public consultations, members of the public embraced the idea that more could be done by stakeholders to support lower-wage workers. This includes showing appreciation for their work, supporting companies that pay them higher wages, and ensuring they are provided with conducive working environments (see [Figure 5.1](#)).

**Figure 5.1: Public sentiments on community support for lower-wage workers**

Non-lower-wage worker respondents: Level of agreement with statements below

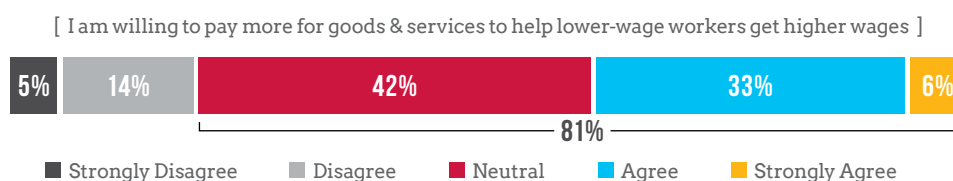


Source: Door-to-door survey of 1,005 locals on awareness and perception of support measures for lower-wage workers, and perception of public’s involvement in supporting lower-wage workers, December 2020 to February 2021, commissioned by MOM.

<sup>3</sup>There are nine Tripartite Standards covering various progressive workplace practices. More than 10,000 organisations employing over 1,000,000 employees have adopted at least one Tripartite Standard.

- 5.3.8** 81% of Singaporeans were neutral or willing to pay more for goods and services to raise the wages of lower-wage workers (see [Figure 5.2](#)).

**Figure 5.2: Public sentiments on willingness to pay more for goods & services to support lower-wage workers**

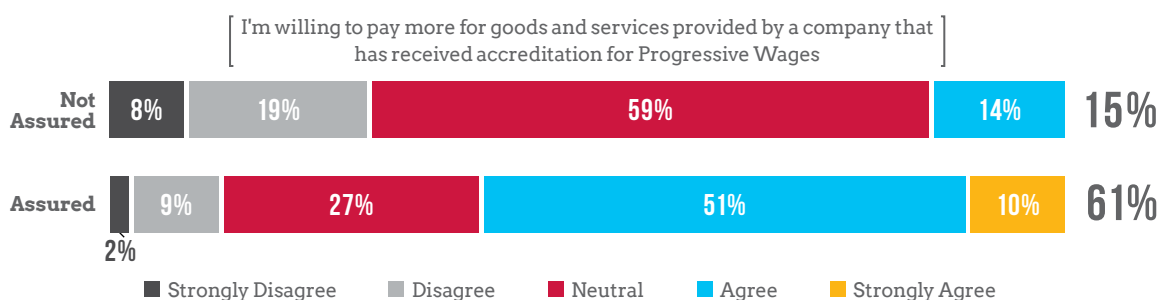


Source: Online survey of 1,039 locals on sentiments on lower-wage worker issues, January 2021, Ministry of Communications and Information (MCI).

- 5.3.9** Notably, Singaporeans were willing to do so if they knew that the increases in the prices of goods and services would go to support pay increases of our lower-wage workers. This was corroborated by the Workgroup's consultations and engagements.

- 5.3.10** However, corporate buyers and individual consumers cannot easily identify such employers. The Workgroup observed that a publicly recognisable system that accredits firms that pay Progressive Wages to lower-wage workers will be helpful. It can encourage more firms to come on board, and enable corporate buyers and consumers to support them. In particular, if they were assured that the accreditation was legitimate, 61% of Singaporeans would be willing to pay more (see [Figure 5.3](#)).

**Figure 5.3: Public sentiments on willingness to pay more for goods & services from an accredited firm**



Source: Online survey of 1,039 locals on sentiments on lower-wage worker issues, January 2021, Ministry of Communications and Information (MCI).

- 5.3.11** Internationally, there are accreditations which certify businesses that build a more inclusive and sustainable economy. Some examples include the Living Wage Foundation in the UK, and the B Corporation certification (see [Box 5.1](#)). These accreditations have brought about positive changes in society while the businesses that adopted them also benefitted from improved reputation. The Workgroup is of the view that a similar accreditation can be implemented in Singapore to encourage employers to voluntarily pay Progressive Wages.



### Box 5.1: International Examples of Accreditation for Progressive Practices by Businesses



The Living Wage UK accreditation encourages all employers that can afford to do so to ensure their employees earn a wage that meets the costs of living, not just the government minimum.

Employers are required to demonstrate public commitment to fair pay by paying real living wage to all direct employees and have a plan to pay contractors a living wage.

The UK's Real Living Wage, which is set higher than the statutory national living wage, is voluntarily paid by over 7,000 UK businesses. They include Google, Aviva, IKEA and Nestle. Over 250,000 employees have received a pay rise as a result of the Living Wage campaign.

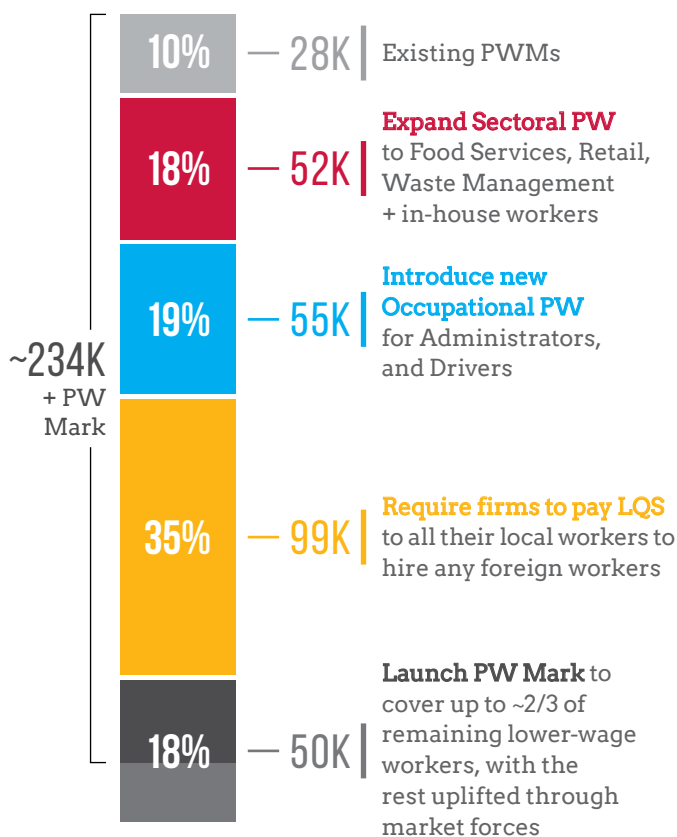


The B Corporation accreditation recognises businesses that meet the highest standards of verified social and environmental performance, public transparency and legal accountability.

Companies are evaluated based on a wide range of criteria on corporate governance, employment practices, environmental performance and community impact. Today, there are more than 3,500 Certified B Corporations in over 70 countries.

- 5.3.12** The Workgroup therefore recommends establishing a new Progressive Wage Mark ("PW Mark") accreditation. By purchasing from firms with the PW Mark, corporate buyers and individual consumers can be assured that they are directly supporting workers employed by these firms to be paid Progressive Wages.
- 5.3.13** The PW Mark will only apply to firms with at least one applicable employee in the Sectoral or Occupational PWs. Firms can qualify for the Mark by paying all applicable employees at least the relevant Sectoral or Occupational PW wage rungs and paying all other local employees at least the Local Qualifying Salary (LQS).
- 5.3.14** The PW Mark will complement the eventual expansion of Progressive Wages and the LQS by giving recognition to firms that are adopters.
- 5.3.15** In addition, the PW Mark will provide an incentive for firms who do not hire foreign workers. Of the remaining 18% of all full-time lower-wage workers who are working in firms not required to pay Progressive Wages (as they do not employ foreign workers), an estimated two-thirds work in firms that nevertheless do hire at least one applicable employee in the Sectoral or Occupational PWs, and are therefore eligible for the PW Mark (see [Figure 5.4](#)). This will uplift these workers.
- 5.3.16** The Workgroup recommends conferring a "PW Mark Plus" to firms that not only pay Progressive Wages but adopt the new Tripartite Standard on Advancing Lower-Wage Workers' Well-Being (Recommendation 15). Branding such efforts under one umbrella accreditation system will aid consumer recall and rally support for one common Mark.

**Figure 5.4: Overall Coverage of Progressive Wages, including PW Mark**



Source: Comprehensive Labour Force Survey and Administrative Records, MRSD, MOM.

Note: Base is total of 283k full-time resident workers earning at or below the 20<sup>th</sup> percentile gross monthly income from work (excluding employer CPF) of full-time employed residents. Due to rounding, figures may not sum to 283k.

**5.3.17 Recommendation 16 – Establish a new Progressive Wage Mark (“PW Mark”) to recognise firms that pay Progressive Wages. This will enable corporate buyers and individual consumers to purchase from these firms to support lower-wage workers’ wage increases. In addition, confer “PW Mark Plus” to firms that go the extra mile to uplift lower-wage workers holistically by advancing their well-being.**

**5.3.18** The Workgroup aspires for the PW Mark to benefit as many lower-wage workers as possible, and strongly encourages all firms to adopt the PW Mark.

**5.3.19** To make the PW Mark work, the Workgroup recognises that industry support is key. The Workgroup suggests that the tripartite partners could work with Trade Associations and Chambers and connect with firms across industries to raise awareness of the PW Mark and promote its adoption. The Workgroup has also had preliminary discussions with the Singapore Business Federation (SBF) on the possibility of SBF helping to play a role in the administration of the PW Mark.

## Role of Public and Private Sector Procurement

**5.3.20** Corporate buyers play a crucial role in uplifting lower-wage workers. By committing to purchase only from firms that adopt the PW Mark, corporate buyers send a strong signal to firms and consumers that they stand in solidarity with them and with lower-wage workers. This will further spur Progressive Wage and employment practices as well as PW Mark adoption, and catalyse whole-of-society support for our lower-wage workers.

**5.3.21** The Government should signal its commitment to uplift lower-wage workers by requiring its suppliers to obtain the PW Mark. However, this alone would not be enough as Government procurement forms only a small proportion of all procurement in the industry.

**5.3.22** Private sector buyers should also make the same commitment. With both the public and private sectors aligned in supporting these firms, this would send a strong signal of support for our lower-wage workers.

**5.3.23** **Recommendation 17 – Public and private sector buyers should require their suppliers to obtain the PW Mark.**

**5.3.24** To achieve this, the Workgroup is of the view that a strong industry-led promotional effort, with tripartite partners' support, would be necessary to encourage corporate buyers to join this whole-of-society effort.

## 5.4 MOBILISING GREATER SOCIETAL SUPPORT THROUGH THE SINGAPORE TOGETHER ALLIANCE FOR ACTION FOR LOWER-WAGE WORKERS

**5.4.1** Many more Singaporeans today are willing and able to step forward and contribute to the betterment of society. Through the Emerging Stronger Conversations launched in June 2020, Singaporeans expressed a desire for greater inclusiveness for people of all walks of life, and more recognition or tangible benefits for lower-wage workers. The ongoing COVID-19 pandemic has strengthened the conviction to treat our lower-wage workers better and re-evaluate the value of essential services and occupations. This has led to conversations about improving their pay, working conditions and showing more appreciation for them.

**5.4.2** To tap on society's energy and resources to uplift lower-wage workers, the Workgroup launched the Alliance for Action<sup>4</sup> for Lower-Wage Workers ("Alliance") in March this year. The Alliance has brought together community stakeholders keen to start ground-up projects to uplift lower-wage workers. It consists of a diverse group of 50 Singaporeans, representing the labour movement, corporates, and the community sector. The Alliance focused on developing ground-up projects in four areas identified by the Workgroup:

- a. Strengthen respect and appreciation from the public;
- b. Encourage supportive working environments;
- c. Increase support for upskilling; and
- d. Strengthen societal support for Progressive Wages.

**5.4.3** The Alliance was structured as a ground-up ideas accelerator from March to September 2021. Its members met monthly for co-creation workshops, coaching meetings, and built a network of connections with companies, workers and community groups. Through the design thinking process of immersing in the challenge areas, ideating, prototyping, testing and iterating, they brought their ideas to fruition.



SMS Zaqy and Alliance participants in discussions during the first of six Alliance workshops held at Temasek Shophouse on 27 March 2021.

<sup>4</sup>The Singapore Together Alliances for Action is a Government initiative aimed at bringing together Singaporeans across the People, Private and Public sectors to co-create solutions that will help Singapore and Singaporeans emerge stronger from the COVID-19 pandemic.

**5.4.4** The Workgroup is heartened by the strong ground-up support and meaningful projects that have come out from this Alliance. A total of eight ground-up projects were started by the Alliance, collectively covering the focus areas identified by the Workgroup:

- a. A digital campaign to encourage consumers to show solidarity for lower-wage workers by paying more for goods and services.
- b. A microsite with resources for companies to be more ethically-minded, particularly towards their lower-wage workers.
- c. A programme for youths to co-design rest areas for lower-wage workers in their school premises.
- d. A guidebook on implementing rest areas for lower-wage workers in retail malls.



Mr Mohd Fahmi Bin Aliman (NTUC) and Alliance participants in discussions during the first of six Alliance workshops held at Temasek Shophouse on 27 March 2021.



Ms Goh Swee Chen addressing Alliance participants during the first of six Alliance workshops held at Temasek Shophouse on 27 March 2021.



Alliance participants presenting their completed project concepts to fellow participants, including tripartite representatives – SMS Zaqy, Ms Yeo Wan Ling (NTUC), Mr Douglas Foo (SNEF) and Ms Goh Swee Chen at the fifth of six Alliance workshops held virtually on 24 July 2021.

- e. A programme for volunteers to learn about the lives and needs of lower-wage workers over casual meals and offer them guidance on jobs and skills.
- f. A community campaign to encourage Singaporeans to greet and appreciate lower-wage workers.
- g. An initiative to build empathy for lower-wage workers among younger students through experiential videos of their work.
- h. An initiative to encourage dialogue between lower-wage workers and their management through an anonymous survey platform.



An Alliance participant presenting his team's project ideas to fellow participants during the second of six Alliance workshops held at Temasek Shophouse on 10 April 2021.



- 5.4.5** These projects complement the Workgroup's recommendations and when implemented will together uplift our lower-wage workers (see selected examples in [Box 5.2](#)).

## Box 5.2: Examples of Projects by the Alliance for Action for Lower-Wage Workers

### Employer Trustmark Campaign

What role can consumers play in helping lower-wage workers receive Progressive Wages and supportive working conditions? Nine members from the Alliance for Action for Lower-Wage Workers joined up to consider how each Singaporean can contribute to better jobs and income security for those who need it most, to create a fairer and more inspiring society.

The team developed a social media campaign to speak to consumers about showing solidarity for lower-wage workers by accepting a small rise in the cost of goods and services. In designing the campaign, they conducted numerous surveys and conversations with the spectrum of stakeholders, including lower-wage workers, to better understand existing behaviours and concerns around this issue. The team produced three short videos to nudge consumers to play their part by eliciting feelings such as guilt and discomfort. The team launched their ground-up campaign in mid-August.

The core message of the Trustmark campaign is aligned with the idea of a PW Mark recommended by the Workgroup. For greater impact, there are plans to bring both initiatives closer together – the ground-up campaign's message of solidarity to consumers in Singapore is an important one that complements the implementation of the PW Mark and its adoption by employers.



### Rest Area Guidebook and Student Co-Design Programme

Recognising that proper rest areas enable lower-wage workers to thrive mentally and physically, a team of eight Alliance for Action for Lower-Wage Workers members engaged a range of stakeholders representing the views of property owners, service providers and workers to develop two related projects.

First, the team developed a guidebook on sustainable rest areas targeted at property owners in the retail space. The team brought together findings from its engagements with stakeholders, site visits to best-in-class rest areas, and inputs from building designers to provide detailed recommendations on rest areas. These include a range of modular designs for easy adoption (see image below), along with recommendations on

essential equipment, housekeeping rules and common practices. The team are continuing their work with key stakeholders in the industry to implement their recommendations in retail malls and hope to build on this momentum to improve rest areas for lower-wage workers across the industry.

Second, the team developed a programme for students to adopt design thinking approaches to improve rest areas in their schools. The prototype programme was trialed with students in partnership with CampusImpact – a charity which addresses the needs of youths undergoing a transitional phase in their lives – to positive results. The team will be extending the rest areas design programme to students in more schools.

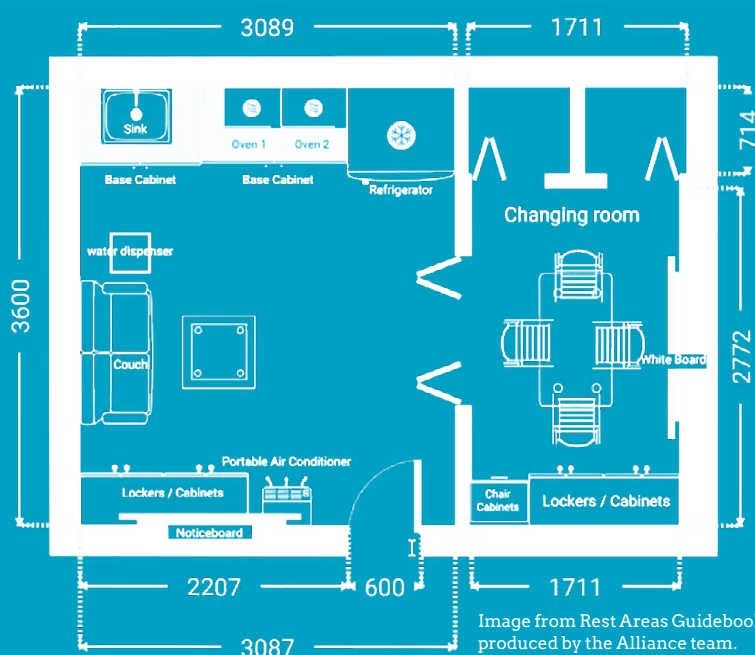


Image from Rest Areas Guidebook produced by the Alliance team.



**5.4.6** The 50 members of this Alliance have shown what is possible when Singaporeans put their minds together to build a more gracious and inclusive society. Each project team has also considered how it can have a sustained impact on the lives of lower-wage workers with the support of the tripartite partners and the community. There is scope to grow the membership of the Alliance to carry on the momentum of the initial projects, explore new areas of opportunity for ground-up projects, and enable more Singaporeans to step up. The Workgroup thus recommends sustaining and enlarging the Alliance to support the whole-of-society endeavour to uplift lower-wage workers.

**5.4.7** **Recommendation 18 – Grow the Alliance for Action for Lower-Wage Workers, so that uplifting lower-wage workers is a whole-of-society endeavour.**

## SUMMARY OF RECOMMENDATIONS

### To promote whole-of-society support to uplift lower-wage workers

12. Government should review Workfare regularly to ensure that lower-wage workers continue to be supported even as Progressive Wages become more pervasive.
13. Government should provide transitional support for employers, with higher support in the initial phase as businesses recover from the impact of COVID-19.
14. Beyond wages, employers should advance the well-being of lower-wage workers by (i) supporting them to upskill and progress in their careers, (ii) providing them with a safe and healthy work environment; and (iii) providing them with adequate rest areas.
15. Establish a new Tripartite Standard on Advancing Lower-Wage Workers' Well-Being, to help more firms adopt and implement the specified practices and be publicly recognised for doing so.
16. Establish a new Progressive Wage Mark ("PW Mark") to recognise firms that pay Progressive Wages. This will enable corporate buyers and individual consumers to purchase from these firms to support lower-wage workers' wage increases. In addition, confer "PW Mark Plus" to firms that go the extra mile to uplift lower-wage workers holistically by advancing their well-being.
17. Public and private sector buyers should require their suppliers to obtain the PW Mark.
18. Grow the Alliance for Action for Lower-Wage Workers, so that uplifting lower-wage workers is a whole-of-society endeavour.



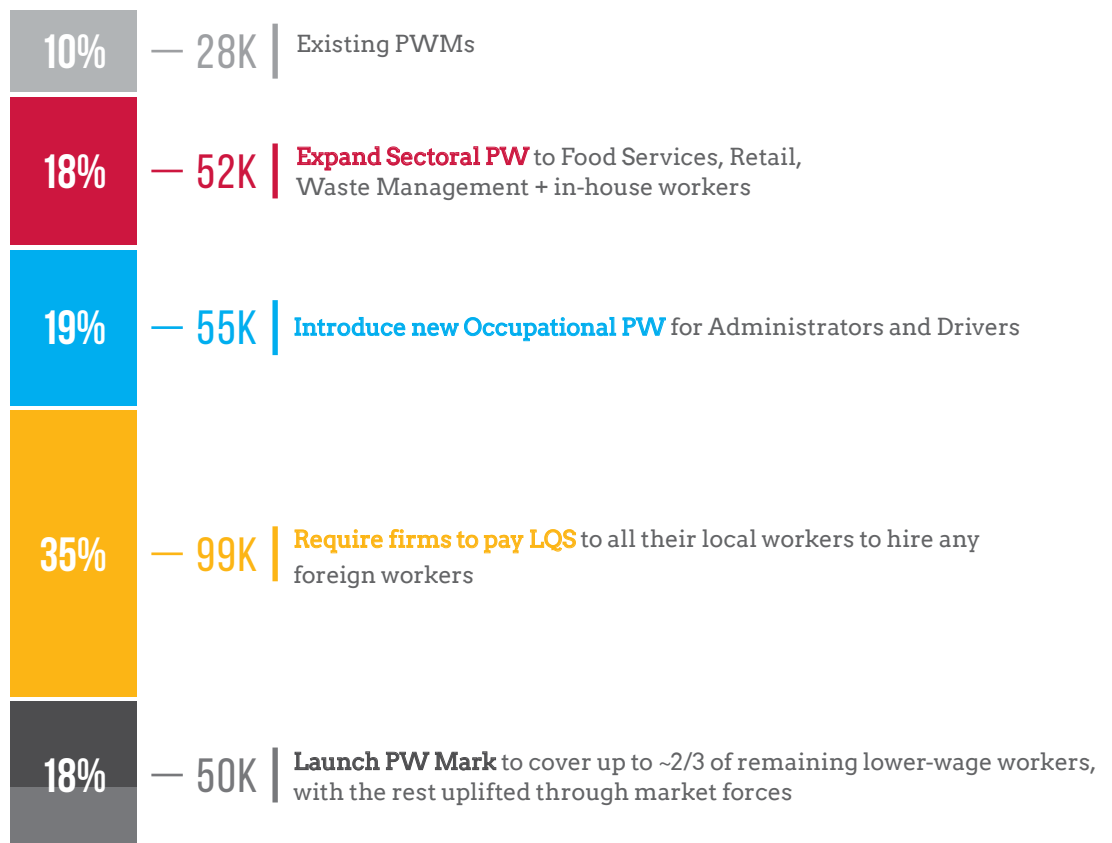
## CHAPTER 6: ROADMAP

# CHAPTER 6: ROADMAP

## 6.1 EXPAND COVERAGE OF PROGRESSIVE WAGES SUBSTANTIALLY

6.1.1 Together with the PW Mark, our expanded Progressive Wage approach – Sectoral and Occupational Progressive Wages (PWs), Local Qualifying Salary (LQS) – will cover up to 94% of our full-time lower-wage workers (see [Figure 6.1](#)). With a high coverage, market forces will help to uplift the remaining ones.

**Figure 6.1: To Cover Up To 94% of Full-Time Lower-Wage Workers**



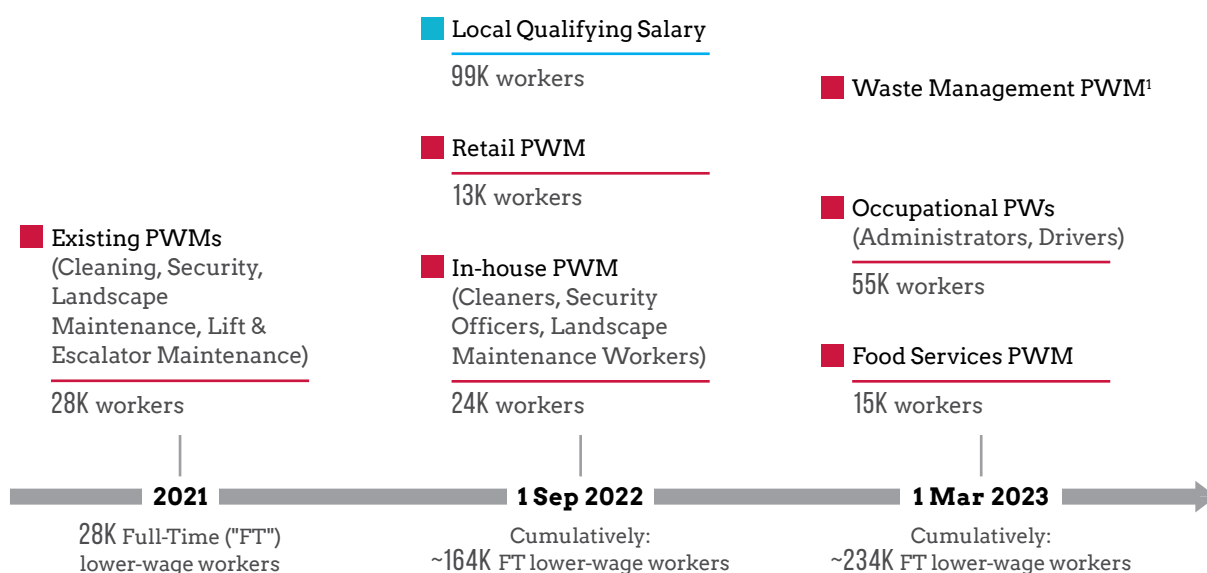
Source: Comprehensive Labour Force Survey and Administrative Records, MRSD, MOM.

Note: Base is total of 283k full-time resident employees earning at or below the 20<sup>th</sup> percentile gross monthly income from work (excluding employer CPF) of full-time employed residents. Due to rounding, figures may not sum to 283k.

## 6.2 IMPLEMENT NEW PROGRESSIVE WAGES OVER NEXT TWO YEARS

6.2.1 The Workgroup recognises that the economy and many employers would need some time to recover from the impact of COVID-19 pandemic. At the same time, efforts to uplift lower-wage workers cannot let up. Balancing these considerations, the Workgroup, together with the endorsement of the Tripartite Clusters for Retail and Food Services, recommends for the various PW moves to be implemented in two phases barring any major economic disruption – (i) from 1 September 2022; and (ii) from 1 March 2023 (see [Figure 6.2](#)).

**Figure 6.2: Roadmap for Implementation of New Progressive Wages**



Source: Comprehensive Labour Force Survey and Administrative Records, MRSD, MOM.

Note: (1) The Tripartite Cluster (TC) for Waste Management has agreed to commence the Waste Management PWM in 2023, with the exact date to be further deliberated on by the TC.

6.2.2 The two-phase implementation approach seeks to consolidate the number of adjustments that employers would be required to make. This would be especially pertinent for those with workers covered by more than one PW move. The Workgroup is confident that with the proposed transitional support (Recommendation 13), the associated wage cost increase would be bearable for employers.

## 6.3 A STRONG CONCERTED PUSH OVER NEXT DECADE

- 6.3.1** Covering the vast majority of our lower-wage workers with Progressive Wages and the PW Mark is only the first step. Over the next decade until 2030, we must ensure that their wages continue to grow in a steady and sustainable way, so that their wages can be raised meaningfully and be closer to the median wage, without impacting their employment.



## 6.4 CONCLUSION – A CLEAR ROADMAP FOR THE NEXT DECADE

- 6.4.1** The wages of full-time lower-wage workers have risen faster than that of the median worker between 2009 and 2019. Nonetheless, the COVID-19 pandemic has shone the spotlight on their precarity, just as it underscored the essential nature of their work. Sustained efforts are necessary to ensure that lower-wage workers continue to progress and are uplifted even more in the coming years.
- 6.4.2** The Workgroup's recommendations set out the roadmap to (i) expand Progressive Wages substantially, and (ii) accelerate Progressive Wage growth significantly over the next decade. They will cover the vast majority of lower-wage workers with Progressive Wages and effectively ensure that they experience meaningful and sustained wage growth that will enable them to gain ground with the median worker.

- 6.4.3** Uplifting lower-wage workers is our shared responsibility as a society. Employers need to pay workers meaningful wages and provide a better working environment. Workers need to adopt the right mindset and be ready to adapt, learn new skills and take on different responsibilities. The Government must support both employers and workers in these efforts. Businesses and consumers need to be prepared to pay more for goods and services. Society must appreciate and respect workers of all trades.
- 6.4.4** These collective efforts are a massive undertaking, but a meaningful one that will play a crucial role in renewing our social compact. With the tripartite partners' strong commitment to the cause, the Workgroup is confident that lower-wage workers' wages will be uplifted and their well-being advanced.
- 6.4.5** Every worker who puts in hard work can be assured that they can earn a meaningful living to provide for their family, own their home, and save for their retirement.



# APPENDICES



## APPENDIX A

### COMPOSITION OF THE TRIPARTITE WORKGROUP ON LOWER-WAGE WORKERS

#### ADVISORS

**Mr Ng Chee Meng**  
Secretary-General  
NTUC

**Mrs Josephine Teo**  
Minister  
Ministry of Manpower  
(until May 2021)

**Dr Robert Yap**  
President  
SNEF

#### CHAIRPERSON

**Mr Zaqy Mohamad**  
Senior Minister of State  
Ministry of Manpower

#### UNION REPRESENTATIVES

**Mr Chee Hong Tat**  
Deputy Secretary-General  
NTUC

**Dr Koh Poh Koon**  
Deputy Secretary-General  
NTUC (until May 2021)

**Mr Thuvinder Singh Bachan Singh**  
Member, NTUC Central Committee  
General Secretary, Union of Telecoms  
Employees of Singapore

**Mr Lim Wen Sheng**  
Member, NTUC Central Committee  
Deputy General Secretary, Food,  
Drinks and Allied Workers Union

**Mr Zainal Sapari**  
Assistant Director-General  
NTUC

**Mr Mohd Fahmi Bin Aliman**  
Director, Operations and Mobilisation  
Division Secretariat  
NTUC

**Ms Yeo Wan Ling**  
Director, USME  
Director, Women and Family Unit  
NTUC

#### GOVERNMENT REPRESENTATIVES

**Mr Aubeck Kam**  
Permanent Secretary  
Ministry of Manpower

**Mr Png Cheong Boon**  
Chief Executive Officer  
Enterprise Singapore

**Mr Han Neng Hsiu**  
Deputy Secretary  
(Development)  
Ministry of Finance

#### EMPLOYER REPRESENTATIVES

**Mr Douglas Foo**  
Vice President  
SNEF

**Mr Felix Loh**  
Deputy Honorary Secretary  
SNEF

**Ms Tan Hwee Bin**  
Deputy Honorary Treasurer  
SNEF

**Mr Kuah Boon Wee**  
Council Member  
SNEF

**Mr T Mogan**  
Council Member  
SNEF

**Ms Goh Swee Chen**  
Former Core Committee Chairman,  
Sustainable Employment  
Singapore Business Federation

## COMPOSITION OF THE SUB-GROUPS OF THE TRIPARTITE WORKGROUP ON LOWER-WAGE WORKERS

### SUB-GROUP 1

#### Terms of reference:

- Ensure wage growth in mandatory PWM sectors continue to outpace median wage growth

#### Composition:

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#### CHAIRPERSON

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##### Mr Mohd Fahmi Bin Aliman

Director, Operations and Mobilisation  
Division Secretariat  
NTUC

##### Mr Douglas Foo

Vice President  
SNEF

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#### UNION REPRESENTATIVES

#### GOVERNMENT REPRESENTATIVES

#### EMPLOYER REPRESENTATIVES

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##### Ms Yeo Wan Ling

Director, U SME  
Director, Women and Family Unit  
NTUC

##### Mr Aubeck Kam

Permanent Secretary  
Ministry of Manpower

##### Mr Felix Loh

Deputy Honorary Secretary  
SNEF

##### Mr Zainal Sapari

Assistant Director-General  
NTUC

##### Mr T Mogan

Council Member  
SNEF

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## COMPOSITION OF THE SUB-GROUPS OF THE TRIPARTITE WORKGROUP ON LOWER-WAGE WORKERS

### SUB-GROUP 2

#### Terms of reference:

- Significantly increase the number of lower-wage workers covered by PWMs
- Offer Progressive Wages in occupations not covered by the mandatory PWMs

#### Composition:

CHAIRPERSON			
<p><b>Mr Chee Hong Tat</b> Deputy Secretary-General NTUC</p> <p><b>Dr Koh Poh Koon</b> Deputy Secretary-General NTUC (until May 2021)</p>		<p><b>Mr Aubeck Kam</b> Permanent Secretary Ministry of Manpower</p>	
UNION REPRESENTATIVES	GOVERNMENT REPRESENTATIVES	EMPLOYER REPRESENTATIVES	TRADE ASSOCIATIONS
<p><b>Mr Lim Wen Sheng</b> Member, NTUC Central Committee Deputy General Secretary, Food, Drinks and Allied Workers Union</p> <p><b>Mr Zainal Sapari</b> Assistant Director-General NTUC</p>	<p><b>Mr Png Cheong Boon</b> Chief Executive Officer Enterprise Singapore</p>	<p><b>Mr Douglas Foo</b> Vice President SNEF</p> <p><b>Ms Tan Hwee Bin</b> Deputy Honorary Treasurer SNEF</p>	<p><b>Ms Melissa Tan</b> Chairman Waste Management and Recycling Association of Singapore</p> <p><b>Mr Andrew Tjioe</b> Committee Member Restaurant Association of Singapore</p> <p><b>Mrs Helen Khoo</b> Council Member Singapore Retailers Association</p>

**SUB-GROUP 3****Terms of reference:**

- Recognise and promote stronger societal support for firms that pay Progressive Wages
- Advance the well-being of lower wage workers

**Composition:****CHAIRPERSON****Mr Han Neng Hsiu**

Deputy Secretary (Development)  
Ministry of Finance

**Ms Goh Swee Chen**

Former Core Committee Chairman  
Sustainable Employment  
Singapore Business Federation

**UNION  
REPRESENTATIVES****EMPLOYER  
REPRESENTATIVES****Mr Mohd Fahmi Bin Aliman**

Director, Operations and Mobilisation  
Division Secretariat  
NTUC

**Mr Kuah Boon Wee**

Council Member  
SNEF

**Mr Thuvinder Singh Bachan Singh**

Member, NTUC Central Committee  
General Secretary, Union of Telecoms  
Employees of Singapore

**Ms Yeo Wan Ling**

Director, U SME  
Director, Women and Family Unit  
NTUC

## APPENDIX B

### DETAILED DESCRIPTION OF ADMINISTRATORS AND DRIVERS OCCUPATIONAL GROUPS

Job Levels	Description
<b>Administrators:</b>	
Administrative Assistants	<ul style="list-style-type: none"> <li>Administrators performing basic administrative tasks, such as data entry and running of errands</li> </ul>
Administrative Executives (e.g. Office cashiers, General office clerks, Receptionists, etc.)	<ul style="list-style-type: none"> <li>Administrators performing customer service, records management and data analysis duties, such as money handling, customer-facing roles, accounting and bookkeeping, preparing production schedules and record keeping</li> </ul>
Administrative Supervisors	<ul style="list-style-type: none"> <li>Administrators performing supervisory duties</li> </ul>
<b>Drivers:</b>	
General Drivers (e.g. Motorcycle delivery drivers, Van drivers, etc.)	<ul style="list-style-type: none"> <li>Drivers operating vehicles requiring Class 3 driving licence and below</li> </ul>
Specialised Drivers (e.g. Trailer-truck drivers, Bus drivers, Lorry drivers, Chauffeurs, etc.)	<ul style="list-style-type: none"> <li>Drivers operating vehicles requiring Class 4 driving licence and above, and other specialised driver roles</li> </ul>

## APPENDIX C

### WAGE REQUIREMENTS AND SCHEDULE FOR LOCAL QUALIFYING SALARY

Employers are required to adhere to the following requirements:

- **Locals working part-time (i.e. less than 35 hrs/wk):** At least \$9<sup>G</sup>/hr
- **Locals working between 35 to 44 hrs/wk:** At least \$1,400<sup>G</sup>/month
- **Locals working overtime (i.e. more than 44 hrs/wk):** At least \$1,400<sup>G</sup>/month and 1.4 times<sup>1</sup> of the hourly-equivalent LQS wage for each hour of overtime

Avg. Hours Worked per Week	Gross Wage Requirement (\$)	Avg. Hours Worked per Week	Gross Wage Requirement (\$)
1	39	32	1,248
2	78	33	1,287
3	117	34	1,326
4	156	35	1,400
5	195	36	1,400
6	234	37	1,400
7	273	38	1,400
8	312	39	1,400
9	351	40	1,400
10	390	41	1,400
11	429	42	1,400
12	468	43	1,400
13	507	44	1,400
14	546	45	1,445
15	585	46	1,489
16	624	47	1,534
17	663	48	1,578
18	702	49	1,623
19	741	50	1,667
20	780	51	1,712
21	819	52	1,756
22	858	53	1,801
23	897	54	1,845
24	936	55	1,890
25	975	56	1,935
26	1,014	57	1,979
27	1,053	58	2,024
28	1,092	59	2,068
39	1,131	60	2,113
30	1,170	60.6 <sup>2</sup>	2,139
31	1,209		

<sup>1</sup> Derived by applying (i) the basic wage to gross wage ratio (~0.9) of local workers earning the LQS of \$1,400<sup>G</sup> on (ii) the Employment Act's rate of overtime pay (of 1.5 times).

<sup>2</sup> 60.6hrs is derived with reference to Employment Act Part IV limit of 72 overtime hours per month for workers covered under Part IV. For workers in sectors with overtime exemptions, the LQS overtime requirement will also apply for each overtime hour beyond 60.6 hours per week.









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