

# CHARTING OUR PATH

70 YEARS OF  
WORKING TOGETHER  
AND LESSONS  
FOR TOMORROW



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**CHARTING OUR PATH: 70 Years of Working Together and Lessons for Tomorrow**

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*To all MOMers and partners who have contributed to our  
journey as we continue to chart our path forward together.*

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## **FOREWORD**

Mr Lee Hsien Loong

Senior Minister

Every Government seeks to prosper its people. To succeed, their economies must grow. Singapore has relied on the free market and private enterprise to generate growth. But the Government plays an important role, setting the framework and creating conditions for growth. For its part, the Ministry of Manpower (MOM) manages and develops the nation's human resources and ensures that the labour market works well. In so doing, it maximises the potential of our workforce, and enables businesses to grow and produce good social outcomes for Singaporeans.

In the early years post-independence, Singapore experienced severe unemployment. The problem became even more urgent in 1968, when the British announced their intention to bring forward their troop withdrawal to 1971. Labour-management relations between unions and employers were then confrontational and dysfunctional. We urgently needed to break this mould, and build a new framework that would support economic growth.

In 1968, Mr S. Rajaratnam, as the Minister for Labour, moved the Employment Bill and Industrial Relations (Amendment) Bill in Parliament. He exhorted unions to work together with the Government and employers in Singapore's long-term interests. The next year, the National Trades Union Congress (NTUC) held its Modernization Seminar. These strategic moves transformed the role of labour unions in our industrialising economy, and laid the basis for tripartism. The result has been decades of harmonious labour-management relations, a conducive business environment, and prosperity for all.

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As time passed, MOM's work broadened. It championed skills upgrading and lifelong learning, so that workers could keep up with changing employment demands and stay competitive. It designed and improved social safety nets, especially the Central Provident Fund (CPF), so that workers would stay resilient in setbacks and enjoy financial security in retirement. It managed the inflow of migrant workers and professionals to augment and complement Singaporean workers. It uplifted lower-income workers through Workfare and Progressive Wages. It watched vigilantly over the safety, health, and well-being of workers, and championed fair and progressive workplaces.

During COVID-19, MOM played an important role in our crisis response. It ensured that workers kept their jobs and continued being paid. It looked after their health and welfare, including the migrant workers in dormitories. It also guided companies to adjust workplace practices to operate their businesses safely.

MOM's efforts have dramatically improved workers' lives and the quality of our workplaces. Good jobs have been created, wages have risen across the board, skill and competency levels have gone up, and worker safety and well-being have improved. Hiring practices have become more inclusive, work arrangements more flexible, and businesses better supported to transform their workforce to meet new demands. All this while keeping our economy lean and competitive, minimising the regulatory and administrative burden on companies, and striving for service excellence in supporting businesses and workers. MOM has done well.

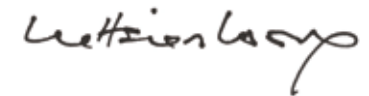
Looking ahead, MOM has a full agenda. With people living longer and staying healthier, older workers need to continue working and stay productively engaged for longer. With local workforce growth slowing, we need to top up our numbers and talent with a controlled inflow of workers from abroad, while managing the social impact. As new technologies and industries emerge

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and foreign competition intensifies, we must ensure that our workers remain skilled, disciplined, adaptable, and ultimately, competitive.

I have every confidence that MOM will rise to the challenges and support Singaporeans to continue adapting and thriving, just as it has done these past seven decades.

Congratulations to MOM on your 70th anniversary. I look forward to your contributions to the nation's progress and prosperity for many years to come.



Mr Lee Hsien Loong  
Senior Minister  
Singapore, April 2025

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## **OPENING MESSAGE**

Dr Tan See Leng

Minister for Manpower

I was born the year before Singapore became independent and like many of that generation, I experienced our extraordinary leap from Third World to First. Back in the 1960s, labour disputes were common and gravely disrupted the economic development of our fledgling nation. Today, Singapore stands as a vibrant and resilient economy, built on the bedrock of harmonious labour relations.

Our lives have become better in so many ways. As both a social and economic Ministry, MOM has played a vital role in driving progress on both fronts. Through effective policy shifts over the years, MOM has journeyed alongside Singaporeans to better lives through improved jobs and career opportunities. The impact is evident in the rising incomes, consistently low unemployment, increasing skills attainment, safer and more progressive workplaces, and enhanced retirement adequacy. MOM is proud to have played its part in uplifting Singaporeans.

MOM's journey thus far has given us a wealth of stories from which future workers and leaders can learn and draw confidence. In particular, this book distils three key lessons for MOM as we chart our path ahead.

First, united we stand, divided we fall. It was the cumulative effort of the tripartite partners – the Ministry of Manpower, the National Trades Union Congress, and the Singapore National Employers Federation – that carried us through Singapore's most challenging times. The difficult trade-offs made during each economic crisis since the 1970s were based on mutual trust and a shared commitment to act in Singapore's best interests. Tripartism must remain the anchor of MOM's work.



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Second, we must innovate to progress. Tackling challenges creatively has been central to MOM's approach. There are many examples in this book, such as the National Wages Council, Re-employment, and the Progressive Wage Model, which are uniquely "made in Singapore" solutions that have worked well in our local context.

Third, it is crucial that we plan for the long term. Our society and the labour market are constantly evolving, often presenting complex challenges with no quick or simple solutions. I am heartened that MOM is taking deliberate steps to extend the planning horizon for policies, and empowering Singaporeans to navigate future shifts in the job market through the Career Health SG initiative and a supportive ecosystem.

The milestones detailed in this book are a testament to the dedication of all MOMers who, often without fanfare, went above and beyond to help businesses and workers thrive together. They also reflect the solidarity of Singapore businesses that shared success with their workers, and the tenacity of workers who embraced growth as the world of work evolved.

As MOM celebrates its 70th anniversary, we look forward to continuing the journey with our tripartite partners, empowering our workforce and ensuring thriving workplaces in Singapore for generations to come.



Dr Tan See Leng  
Minister for Manpower  
Singapore, April 2025

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## **OPENING MESSAGE**

Mr Ng Chee Khern

Permanent Secretary (Manpower)

This book commemorates MOM's 70th anniversary, beginning with its origins as the Ministry of Labour and Welfare in 1955. The book is an ambitious project to capture MOM's significant contributions to the transformation of our workforce, businesses, and economy, drawing on document research as well as the knowledge of past and present MOM and tripartite leaders and staff through in-depth interviews with them.

As both an economic and social Ministry, the scope of MOM's work is necessarily wide. In pursuit of the mission to provide Singaporeans with better income and living standards through better jobs, generations of MOMers worked tirelessly with their counterparts across the Government: MOMers worked with the Ministry of Trade and Industry and economic agencies to generate good jobs and transform enterprises. They also worked with the Ministry of Education to upskill and reskill our workers and help them take on the new jobs created, ensuring that our businesses can access the talent pools and workforce they need to grow. The milestones achieved by MOMers illuminate the pages of this book.

It is not a small feat to navigate the trade-offs between the social and economic dimensions to decide on the right path across the range of issues we manage. Good economic growth does not automatically translate into good jobs for all Singaporeans. That is why it is critical for MOM to work with NTUC and SNEF to ensure this. We work with NTUC to ensure that businesses have the talent and workforce to grow and create good jobs, and we work with SNEF to make

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sure that such growth is inclusive. This is how we strike the balance between the social and economic outcomes we need.

Our predecessors held a set of strong core values. First of all, they were driven by an ambition to do the very best for Singapore. They made decisive long-term moves ahead of each major turn in our operating environment. This book describes how MOMers created a new framework to achieve industrial peace amid the instability of the pre-independence years, rapidly prepared workers and businesses for the demands of export-oriented industrialisation after independence, and again years later as Singapore embraced the Internet age. They dared to go beyond conventional wisdom in their policies and programmes to build a globally competitive workforce that still showed care for those who needed it. Today, Singapore leads the way internationally in many areas such as talent competitiveness and workplace safety, which is a credit to the ambition and drive displayed by MOMers over the years.

They were also anchored by teamwork and togetherness in their journey. Much of what MOM achieved could not have been done within department silos or even with the full weight of the Ministry. Our predecessors continually brought people together across the Government, unions, and businesses, leveraging their strengths to solve the most challenging issues. This book reminds us, for example, about the close teamwork and coordination that was critical in our response to every major economic crisis – rapidly implementing large-scale initiatives which saved jobs and raised skills and capabilities to support the country’s recovery.

This book was written for all MOMers, helping us to remember and learn from our past steps and the values that have guided us for the past 70 years. It should also serve as a source of inspiration as we chart our own path in a new operating landscape. Producing it was an endeavour that continues a long legacy of investing in growing our people so that each new generation of MOMers can make a greater impact towards our mission to serve Singapore.

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On MOM’s 70th anniversary, we celebrate our people, progress, and potential. Generations of MOMers, and partners across the Government, unions, and businesses journeyed together to build the great workforce and workplaces that we have today. While we reflect on our past, we look ahead to a hopeful, promising future. We refreshed our mission and vision this year to ensure we stay focused in serving Singapore and Singaporeans. Our vision of an empowered workforce and thriving workplaces for Singapore will drive us to equip our workforce with the skills and knowledge to take charge of their careers, and build workplaces that make workers feel safe, valued, and motivated.

Here’s to MOM70 – to our past, our present, and an exciting future.



Mr Ng Chee Khern  
Permanent Secretary (Manpower)  
Singapore, April 2025

*MOM is both an economic and a social ministry. It supports the objectives of securing good economic growth and social progress for Singaporeans.*

*The essential nature of its work is finding a balance between economic and social outcomes, and creating the mechanisms to translate economic growth into better jobs, fulfilling careers and a secure retirement for Singaporeans.*

*The chapters of this book illuminate these efforts.*

Era 1

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# The Early Years

## Chapter 1

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# From Confrontation...

At about 9pm on May 12, 1955, some 2,000 workers and students swarmed the Hock Lee bus company at Alexandra Road. Their intention: conduct a mass strike against the company after months of growing conflict between management and workers. But the protesters ended up becoming rioters, overturning cars, burning vehicles, and attacking both police and bystanders indiscriminately. By the time the riot was over six hours later, some 31 people were injured and four were killed. It was, as Straits Times journalist Mr Sit Yin Fong reported, the night that Singapore went mad.<sup>1</sup>

The Hock Lee Bus riot that happened on what is now termed a Black Thursday was the nadir of a turbulent and troubled period of civil unrest in Singapore's history. It stands out in Singapore's development journey not just because of its tragedy that unfolded, but also because it was a microcosm of the underlying tensions of that period – encapsulating the clash of colonial, political, economic, and grassroots interests. Strikes were prevalent in the 1950s, but 1955 marked the peak of such strife – some 275 incidents were reported, with over 940,000 man-days lost, compared to 12 strikes in the preceding two years.<sup>2</sup>

It was against this backdrop that the Ministry of Labour and Welfare (MOLW) was created in the same year of 1955, after Singapore held its landmark legislative assembly where most legislators were elected rather than appointed by the British authorities. The MOLW was one of six ministries created under the Rendel Constitution that was intended as an interim step towards self-government for the former British colony.<sup>3</sup> Previously, labour matters were under the purview of the Labour Department.<sup>4</sup> The new Ministry, helmed by trade unionist and politician Mr Lim Yew Hock, was tasked to establish industrial peace, a prerequisite to social and economic progress. And there was much to do.

Apart from negotiating with trade unions, the Ministry had to rework and introduce new legislation that provided for dispute resolution mechanisms to quell labour unrest and create favourable investment conditions in Singapore. This included the formation of the Industrial Arbitration Court (IAC) in 1960, the amendment to the Trade Unions Act in 1965 to regulate union activities, the Employment Act in 1968 to give clarity on workers' terms of employment, and the Industrial Relations (Amendment) Act of 1968 to offer greater stability in employer and union relations.

These groundbreaking legislative changes would contribute to a significant shift in improving working relationships between trade unions and employers – from one of confrontation to collaboration. This in turn enabled the Ministry to whittle down strikes to just 38 by 1964, and virtually none by the 1980s.

### **Industrial Turbulence in Post-World War II**

The rise of an organised labour movement in Singapore and the push for decolonisation coincided to escalate labour tensions in the aftermath of World War II. In the late 1940s, Singapore's labour movement grew in strength,

encouraged by the British Labour Government which held power from 1945 to 1951 and supported the development of trade unions in its colonies.

Singapore's first Trade Union was registered in 1946, while Trade Union Advisor posts were created within the Labour Department in Singapore to advise workers on how to organise themselves and engage in collective bargaining.<sup>5</sup> Hundreds of trade unions were formed rapidly as workers banded together to fight for their interests.

Inevitably, strikes began almost immediately with the first in January 1946. "It was supported by over 170,000 workers, and for the remainder of the year, Singapore was hit by repeated strike waves as its factory and transport workers, municipal employees, and itinerant traders became increasingly militant," wrote Dr Michael Stenson.<sup>6</sup> In 1946 alone, some 845,600 man-days were lost due to strikes and lockouts organised by trade unions.<sup>7</sup>

The colonial Government acknowledged that some of these demands for better wages and conditions were justified. But it was also clear that strikes had a political motivation behind them, either to "build up the Opposition in the Legislative Assembly" or due to renewed activity from the communists.<sup>8</sup> While the British focused on the Malayan Communist Party (MCP) as one of the primary instigators of the strikes, they were slower to detect that the unrest was also motivated by decolonisation supporters, who were gaining traction within the labour movement.<sup>9</sup>

By the late 1940s, the British, fearing the spread of communism, began to impose restrictions on civil society meetings. The British used such rules to control trade unions and strikes during the State of Emergency called between 1948 and 1960. This brought a temporary respite initially to industrial strife<sup>10</sup>, but demographic changes upended the truce.

A fast-growing population after the war exacerbated the low wages and cost of living hardships faced by workers. Singapore's population grew rapidly in the post-war years from about 938,100 people in 1947<sup>11</sup> to over 1.4 million by 1957.<sup>12</sup> The population increase created a growing unemployment problem in Singapore, as there were insufficient jobs created by the economy.

In 1950, the state-run Employment Exchange had some 15,200 new registrants looking for work.<sup>13</sup> By 1959, the number had more than doubled to over 36,700 – about eight times the 4,600 job vacancies available.<sup>14</sup> The youth were the most affected: two thirds of new job-seekers were below the age of 30, while just a quarter of available jobs were suitable for this group.<sup>15</sup>

### **The Strikes of 1955**

The socio-political and economic grievances that Singapore workers, youths, and students faced came to a head during the Hock Lee Bus riot in 1955, a pivotal moment in Singapore's labour history. It began with a strike on April 25 after the Hock Lee Amalgamated Bus Company fired union organisers and brought in replacement workers from a rival union. This infuriated the workers, who picketed the bus depot and disrupted bus services. Their numbers were bolstered by supporters and students. Many of them were members of the Singapore Chinese Middle School Student Union, who viewed the striking bus workers' labour negotiations as a reflection of their own struggles to secure their future.

There were also other motivating factors at play. The students were incensed by the British Government's reluctance to help or compensate victims of World War II, as well as disruptions to their education due to long delays in implementing high school exams and the National Service Ordinance Act that came into effect in 1954, requiring the registration of all male population between the ages of 18 and 20 for part-time military training. These pent-up

frustrations perhaps instigated the students to view an alliance with the bus workers as a way to agitate for change.

A few weeks into the strike, the clashes between the workers and the police intensified. On May 11, police used high-pressure water jets to disperse the crowds.<sup>16</sup> This further triggered demonstrators, whose sentiments were already running high ahead of the one-year anniversary of a violent protest on May 13, 1954. The next day, violence and mayhem exploded, as the strike "clearly turned from a labour dispute, in which legitimate grievances had been involved, into a full-out riot whipped up by political agitators", wrote American Universities Field Staff reporter A. Doak Barnett.<sup>17</sup> A 16 year-old student and a volunteer constable were among the four who died in the violence that ensued.

Mr Lim Yew Hock, who became Singapore's first Minister for Labour and Welfare on April 6, 1955 right before the Hock Lee Bus strikes and riot broke out, would grapple with chaotic labour relations during his one year in office. A few months later, bus workers of the Singapore Traction Company also carried out a strike that became known as the "Great STC Strike" lasting 142 days.<sup>18</sup>

### **A Plan for Industrial Peace with Justice**

The Hock Lee Bus riots and Great STC Strike informed the legislative changes to come. During Mr Lim Yew Hock's term in office, the MOLW set out to address the inadequacies of the existing industrial dispute resolution mechanism and the lack of an arbitration court, which contributed to the failed negotiations preceding the riot.

Between 1957 and 1959, MOLW moved to enact several pieces of legislation including the Factories Ordinance in 1958, which addressed the safety of factory workers, as well as the Amendment of Trade Unions Ordinance in 1959



(see Chapter 2). The MOLW would continue to operate under changing political leadership, as labour issues continued to top the agenda championed by political parties, including the People's Action Party (PAP) which came to power in 1959.

A few months before winning the 1959 general election, then-PAP Secretary-General Mr Lee Kuan Yew unveiled a vision for "industrial peace with justice". At a mass rally in Geylang Serai on March 1, he promised that an elected PAP would be "a government on the workers' side". It would seek to balance workers' interests with that of all Singaporeans, by ensuring that the economy can grow unhindered by industrial strife.

"Industrial peace alone, brought about by enforcing law and order, is unjust to the workers, particularly where some of the laws are not in favour of the workers," said Mr Lee Kuan Yew who had acted as legal advisor to many unions including the Singapore Bus Workers Union involved in the Hock Lee Bus riot.<sup>19</sup> "But at the same time, we must all remember that if we seek industrial justice with a vengeance, there will be no industrial peace. And a chronic state of industrial unrest means wrecking the economy."

While workers pointed to economic and work grievances as reasons to strike, their actions affected their ability to secure their longer term interests if the strikes affected Singapore's economic future. Intensifying industrial unrest would deter much-needed corporate investment and thus stifle job creation that the country desperately needed. Unemployment was running into the double digits in the late 1950s and early 1960s.

PAP founding member Dr Goh Keng Swee, who is known as the architect of Singapore's modern economy, identified youth unemployment as a critical issue that the new Government would have to address urgently. Not doing so would result in widespread discontent and social unrest, he wrote in the party's election manifesto.<sup>20</sup>

Managing the militant unions, edged on by communist elements in the country, was key to this. Persuading large companies to invest in Singapore would otherwise be immensely difficult. Dr Albert Winsemius, a Dutch economist who visited Singapore several times in the 1960s and 1970s under the United Nations Technical Assistance Programme, also stressed the importance of suppressing the communists. He said in a speech: "Their (the communists') goal was as little economic development as possible, in order to foment unrest and dissension; thus creating the basis for seizing power...It was evident that no entrepreneur would invest his money in a country disorganised to such an extent."<sup>21</sup>

In June 1959, the PAP swept to power and Singapore attained full internal self-government. The MOLW's name was changed to the "Ministry of Labour and Law", due to the convention of naming ministries according to the portfolios its minister was to cover. In this case, the Minister for Labour and Law Mr Kenneth Michael Byrne would oversee both labour and law in Singapore. One of the first things that Mr K. M. Byrne did when he was appointed Minister for Labour and Law was to shift his office from the second to the ground floor to be near to the people.<sup>25</sup> This move underlined his commitment to addressing workers' concerns. He also erected large signboards in prominent locations outside the ministry building, stating that union officials could have direct access to him in the office. In 1961, the Ministry's name was changed to "Ministry of Labour", reflecting its strong focus on labour issues.

With the PAP firmly in control of the Government, MOL went about its task of introducing and amending existing legislation to achieve founding Prime Minister Mr Lee Kuan Yew's vision of industrial peace with justice. Just a year after the new Government was installed, Mr K. M. Bryne introduced a new bill to unify the fragmented unions. Called the Industrial Relations Ordinance, it was enacted to regulate relations and disputes between employers and employees through three levels: collective bargaining, conciliation with the aid of government officers, and arbitration, when an agreement could not be reached.

In passing the law, Mr K. M. Byrne described the bill as an attempt to “substitute the rule of law for the law of the jungle in industrial relations”.<sup>22</sup>

The Ordinance, which was later replaced with the Industrial Relations Act, not only sought to ensure that workers received the fair share of their fruits of labour, but also explicitly, to establish conditions conducive to industrial expansion.<sup>23</sup> It also represented Singapore’s first major legislative departure from the British system of industrial relations.

With the successful passage of the Industrial Relations Ordinance, the IAC was established in 1960. The IAC served as a neutral, non-political body to expeditiously settle industrial matters concerning employer-employee relations. Strikes were deemed illegal once the IAC had taken cognisance of the industrial dispute for arbitration. The IAC was therefore entrusted with balancing the Ordinance’s dual objectives in how it arbitrated and handed out its awards. Mr Charles Gamba, who had served as the sole arbitrator in the aftermath of the Hock Lee riot, was appointed the first IAC president and he served until 1964. In one of the IAC’s most prominent cases, it ordered the Port of Singapore Authority to pay S\$4 million in wages owed to some 11,500 port workers in 1966, based on a collective agreement that was signed the previous year.<sup>24</sup>

### **Post-independence Transition**

Singapore’s separation from Malaysia in 1965 marked a key turning point in labour relations.

The task of securing industrial harmony to support Singapore’s fledgling economy was made more urgent by the sudden announcement on July 18, 1967 that the British military was going to leave Singapore in the mid-1970s. The withdrawal was subsequently brought forward to 1971. This dealt a massive

blow to the newly independent country. At the time, the British military was estimated to have contributed up to 20 per cent of Singapore’s economy, while some 25,000 people were working in the British bases.<sup>25</sup>

By this time, the Singapore Government had switched to an export-oriented industrialisation strategy, having abandoned the previous approach of import-substitution because of the collapse of the merger with Malaysia. The Government also knew that it had to attract foreign investments into the country. The crisis forced its hand and the Government moved quickly to strengthen the legal framework for industrial harmony. In 1968, two groundbreaking pieces of legislation were introduced.

The Industrial Relations (Amendment) Act re-calibrated managerial power to management to decide on issues relating to recruitment, promotion, transfer, assignment of duty, termination of employment, and retrenchments. In the 1950s, managers were less involved in these functions due to aggressive unions who demanded more say. The new legislation encouraged trade unions to shift away from a confrontational stance to a more cooperative approach with management, laying the foundations for tripartism – the secret to Singapore’s industrial success.

In introducing the Bill, then-Minister for Labour Mr S. Rajaratnam noted that 57 per cent of strikes and disputes in the early 1960s were the result of misunderstanding between workers and management about management rights. The Bill, he argued, provided a clear relationship between management and worker, which would in turn promote stronger industries. He also urged both unionists and employers to put aside their narrow interests and work towards a situation in which both parties could benefit.

“One of the main objectives of the Industrial Relations (Amendment) Bill, as with the Employment Act, is to resolve serious and real problems of economic expansion, new investments, increased productivity,” he said. “And the overriding test to which we submit any legislation is, will it help to bring about these objectives – economic expansion, new investments, increased productivity? If it can or if it gives a reasonable assurance that it can, then the legislation must override the sectional interests, whether of employers or workers or any other groups.”<sup>26</sup>

Similarly, the Employment Act, which came into effect on August 15, 1968, was a crucial piece of legislation for the new PAP Government. It outlined basic employment terms and conditions for employment in Singapore in a single document for the first time. This consolidated earlier labour laws such as the Shop Assistants’ Employment Ordinance of 1957 and the Clerks’ Employment Ordinance of 1957. This key piece of legislation was also introduced by the Government in consultation with the unions and employers’ associations.

In addition to re-enacting existing legislation, the Employment Act featured several important new provisions, including a standard work week of 44 hours for all workers; the number of holidays, rest days, annual leave, and sick leave was standardised; the rate of pay for work on holidays was set at double pay, among many other clauses.<sup>27</sup>

In debating the bill in Parliament, Mr S. Rajaratnam said the new Act was meant to shape the attitudes of both workers and employers in a post-independence Singapore. “Three years do not give us sufficient time but the British have decided to make a precipitate withdrawal and there is no use trying to solve our problems by sitting down and beating our breasts in despair,” he said in Parliament.<sup>28</sup>

“Somebody has said that there are two kinds of people – there are the rabbits who, when cornered, die easily and there are the cats who will scratch and claw their way out. I think we are cats and this Bill will give us the claws and the strength to fight our way out of the coming difficulties in the seventies.”

With the legislative framework established to address labour issues, the next task for the young Government was to tackle the troubling issue of militant trade unionism – a mission that required both claws and strength in equal measure.

## Chapter 2

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### ...To Collaboration

A month after the Industrial Relations Ordinance was passed and the Industrial Arbitration Court was set up, then-Minister for Finance Dr Goh Keng Swee unveiled a strategic roadmap entitled “The Labour Movement and Industrial Expansion”. This paper, published in October 1960, envisioned a significant role for organised labour in addressing the industrial turbulence of that era and contributing to Singapore’s economic development.

But doing this required more than legislation (see Chapter 1); it meant having the Government win the hearts and minds of trade unionists. The Government needed to demonstrate to the trade unions that it was on their side and wanted to act in their members’ interest, especially in the critical area of industrialising Singapore to create more jobs and improve livelihoods. In the paper, Dr Goh Keng Swee highlighted the importance of the Government’s collaboration with the labour movement to establish industrial peace.

Stable industrial relations, argued Singapore’s economic czar, were critical in helping Singapore close the gap with other economies, which were seen by

many businesses as more desirable investment destinations given their lack of strikes and more competitive wages. To show that its intentions were genuine, the Ministry of Finance (MOF) sought feedback and support for this roadmap from a key federation of trade unions – the Singapore Trades Union Congress (STUC). MOF submitted the paper to the STUC, which, at its peak in 1961, was made up of 94 unions including the relatively large left-wing Singapore General Employees’ Union.<sup>1</sup>

In response, the STUC rallied its members to the Government’s call to fulfil their share of responsibility in ensuring industrial peace. In a public letter in 1960, it acknowledged that apart from trade unions, the Government and the employers were major participants in the joint effort to improve industrial relations.<sup>2</sup> The STUC’s groundbreaking statement foreshadowed the rise of Singapore’s unique model of tripartism, a key reason for industrial peace which was described in 2023 by then-Prime Minister Mr Lee Hsien Loong as one of the country’s “national treasures”.<sup>3</sup> This was made possible by a seminal shift in the trade unions’ attitudes more than six decades ago – from confrontation to collaboration with the Government and employers.

#### The Formation of NTUC

While the legislative changes in the 1960s put pressure on unions to pivot to a more orderly resolution of labour disputes, trade unionists’ mindsets had to change before the laws could be truly effective. That paradigm shift would not emerge until the dust had settled on the internal conflicts within the trade union movement.

In May 1961, a rift opened within the People’s Action Party (PAP) over Malaya’s Prime Minister Tunku Abdul Rahman’s proposal to include Singapore in a larger federation. Thirteen PAP assemblymen were ousted for their pro-Communist

views. Two months later, they formed the Barisan Sosialis (Socialist Front) and their opposition to the PAP precipitated a split in the STUC as well. At the request of STUC's secretary-general G. Kandasamy, then-Minister for Labour and Law Mr K. M. Byrne sought to reorganise the unions without the pro-communist elements.<sup>4</sup> Subsequently, the STUC was dissolved and two rival bodies emerged: the Singapore Association of Trade Unions (SATU), led by supporters of the Barisan Sosialis; and the National Trades Union Congress (NTUC) which continued to back the PAP.

NTUC, which comprised moderates led by Mr Mahmud Awang and Mr Devan Nair, had only 12 unions. In contrast, the pro-Communist SATU garnered the support of 82 unions when it applied for registration with the Registrar of Trade Unions in August 1961. Following in the footsteps of many trade unions responsible for instigating tumultuous labour relations in the 1950s, SATU deployed militant tactics to affect change. As a result, the number of strikes jumped from 45 in 1960 to 116 strikes in 1961.<sup>5</sup>

The Government did not tolerate SATU's violent strategies, which became a key reason why many of its member unions were deregistered by the Registrar of Trade Unions. There were also reports of flagrant abuse of union funds by left-wing union leaders. In response to this, the Trade Unions Ordinance was amended in December 1963 to empower the Minister for Labour to intervene when there was suspicion of funds being misused or where the unions were to be dissolved or deregistered.<sup>6</sup> That same year in 1963, the Registrar of Trade Unions refused to register SATU on the grounds that it had been used for "unlawful purposes" and "purposes inconsistent with its objects and rules", rendering it an illegal association.<sup>7</sup> This triggered the collapse of SATU, whose influence had already been waning as a growing number of unions and workers defected to join the more moderate NTUC.

NTUC's formal registration on 4 January 1964 established it as STUC's replacement in serving as the key federation of trade unions. This also inaugurated a new era of industrial relations in Singapore – one where trade unions worked closely with the Government to play a constructive role in nation-building and economic development after Singapore gained independence. The following year was a key milestone, leading to a consolidation of union strength under NTUC. In 1965, in the wake of Singapore's separation from Malaysia to become independent, building a viable economic future weighed heavily on the minds of political as well as union leaders. It was a moment of reckoning for NTUC leaders who recognised that internal fighting was counter-productive, and the labour movement instead needed to join forces with the Government and employers to generate much-needed economic growth and jobs.

By then, NTUC represented most of Singapore's organised workers with 120,000 members. But its membership fell to below 90,000 over the next four years as Singapore adopted new employment laws to create a more conducive labour market for the economy's development.<sup>8</sup>

Singapore was on the path to rapidly industrialise by attracting new foreign investments that would bring new jobs – and new legislation was part of this push to create a more attractive business and labour environment. In particular, amendments to the Trade Unions Act were made to address the high incidence of industrial disputes caused by matters pertaining to union recognition.

Amid the slew of policies to improve industrial and working conditions in the 1960s, a steady decline in strikes ensued. In 1961, over 400,000 man-days were lost to strikes.<sup>9</sup> But after the Employment Act was enacted, fewer than 10,000 man-days were lost in each year after 1968. Between 1968 and 1971 there were only seven strikes compared with 117 strikes in 1961.<sup>10</sup> On paper, such statistics

suggested that industrial relations had significantly improved. But there was an undercurrent of disagreement among the unions about how to approach relations with the Government and employers.

NTUC, in its role as a representative body of the trade unions, supported the Government's legislative changes and saw them as safeguarding workers' interests. However, many rank-and-file members did not share its views or its willingness to engage the Government in more collaborative ways. Some unions felt that their ability to bargain for their needs had been curtailed by the new labour laws, and that NTUC should take stronger action to pressure employers to meet their demands. Members started to leave NTUC in droves. This presented NTUC with an existential challenge: with new labour laws diminishing trade unions' previous *raison d'être* as collective bargaining bodies, what new role could they carve out to effectively represent their members' interests?

### **Modernisation of the Labour Movement**

It was at this critical juncture in November 1969 that NTUC held its "Modernization of the Labour Movement" seminar. The four-day event at the Singapore Conference Hall in Shenton Way, which drew hundreds of attendees from over 45 trade unions, sought to address the pressing question of where Singapore's labour movement was headed and what it needed to do to stay relevant in a new era of nation-building.

NTUC's founding leader Mr C.V. Devan Nair painted a stark picture of trade unions' potential decline into oblivion if they remained static: "The danger of an eventual disappearance of organised labour as a significant social force is very real. A race has already started for the Labour Movement in Singapore – a race between modernisation and extinction."<sup>11</sup> Answers to these existential questions were offered by a number of top Cabinet ministers who gave speeches

at the seminar, underlining the Government's active participation in NTUC's efforts to engage its trade union members.

Then-Prime Minister Mr Lee Kuan Yew gave the opening address, titled "The Harsh Realities of Today", in which he issued a wake-up call for workers to ignite their "positive urge to work and achieve".<sup>12</sup> In just four years, Singapore had "entered a new phase of accelerated growth", he said, citing an assessment by a team from the World Bank. The Bank's experts had attributed the "greater-than-expected success in Singapore's drive towards industrialisation" to factors such as the Employment Act, which made Singapore's labour market more attractive to investors. But while legislation can prohibit and punish abuses and malpractices, it is limited in motivating workers to perform, pointed out Mr Lee Kuan Yew. "This urge (to achieve) can come only from the conviction of a people that they must, and want to give of their best. It is the consciousness of our being co-owners of the new society we are creating that provides the drive for fulfilment," he stressed.<sup>13</sup>

Echoing Mr Lee Kuan Yew's message, Minister for Labour and Foreign Affairs Mr S. Rajaratnam called for trade union leaders to do their part to build up Singapore's economy by going "beyond table-thumping and sloganeering" to become "skilled executives to look after the interests of workers".<sup>14</sup> Safeguarding national interests "is the responsibility of all of us because if they are not preserved, then sectional interests go down with them," he said. Setting out a vision of tripartism, he declared: "I believe that modernisation and rapid economic development can be put through in Singapore with the least sacrifice and least discomfort if the operation is undertaken as a joint effort by Government, entrepreneurs and workers...This means that all three must make modernisation and economic development their common objective and overriding consideration."<sup>15</sup>

The landmark 1969 seminar changed the course of Singapore's labour movement and the country's economic trajectory. It not only laid out "the fundamentals of tripartism as voiced by Singapore's founding fathers", but also highlighted the need for "forging alignment, which is a critical part of tripartism," as former NTUC Secretary-General Mr Lim Boon Heng recalled.<sup>16</sup> "We are all in the same boat, and we should all row in the same direction," recounted the former Cabinet Minister during a panel discussion at the 2022 launch of the Tripartite Collective.

Tripartism, which involves collaboration among the Government, employers (represented by the Singapore National Employers Federation, or SNEF), and trade unions (represented by NTUC), would be fundamental to Singapore's approach to industrial relations and policy making. Over time, this mindset shift would help shape a "win-win-win" approach among tripartite members to harmonise their interests, rather than just compromise. This is the crux of the "3Ps" approach – being pro-business, pro-workers and pro-future – which former Minister for Manpower (2015-2018) and NTUC Secretary-General (2007-2015) Mr Lim Swee Say said he learnt from Mr Lee Kuan Yew. "What brought us to the way we are today are the 3Ps," he told the Tripartite Collective panel discussion in 2022, adding that all three players in the tripartite partnership – the Government, workers, and businesses – "cannot solve the problems of the world without each other".<sup>17</sup>

The tight-knit partnership and consensus-building approach to addressing labour and wage issues took time and effort to hone, through participatory and integrative dialogue structures, regular confidence building sessions every year, constant dialogue, and even informal sessions such as weekly golf games.<sup>18</sup>

Mr Ong Yen Her, a former MOM director of the Labour Relations and Workplaces Division, attested to the "adversarial relations" between unions and employers

in the 1970s. "Very often, when I chaired meetings between the unions and employers, there would be raising of voices, shouting and even banging on tables," he recalled in an interview for this book.<sup>19</sup> These acrimonious disputes – fortunately restricted this time to the meeting rooms, instead of spilling out onto the streets in the form of strikes – made MOL's role as an arbiter highly important. This role would subsequently broaden through tripartite structures such as the National Wages Council (NWC).

### **NWC: The First Tripartite Body**

The NWC was first envisioned by economist Dr Albert Winsemius as a robust body that would effectively address employment and labour-management issues by giving priority to the establishment of nation-wide wage scales for similar work across industries.<sup>20</sup> Under the United Nations Technical Assistance Programme, Dr Albert Winsemius had visited Singapore several times in the 1960s and 1970s to advise the Singapore Government on what it needed to do to advance an industrial expansion programme.<sup>21</sup>

During his 1971 visit, he recommended creating a Wages Council to address the need for Singapore to raise wages until it attained full employment to then-Prime Minister Mr Lee Kuan Yew. However, he was not directly involved in any discussions for setting up the NWC, according to prominent economist Professor Lim Chong Yah.<sup>22</sup>

In the two years leading up to the NWC's launch in February 1972, then-Finance Minister Mr Hon Sui Sen and NTUC publicly endorsed a tripartite wages council as a force for industrial stability.<sup>23</sup> The idea received broad-based support from the business community, with Mr S.F.T.B. Lever, the outgoing Chairman of the Singapore International Chamber of Commerce, as well as members of the Singapore Employers Federation (SEF) speaking in favour of this council as a

force for industrial stability to reconcile the interests of employers, labour and the Government.<sup>24</sup>

The first NWC, set up in 1972, consisted of nine members: three each from NTUC, employers' organisations, and the Government. The chairman of the NWC was chosen from outside government, union, or management circles, so as to ensure neutrality in tripartite discussions and decision-making. Professor Lim Chong Yah, who was then the dean of the Faculty of Arts and Social Sciences and head of the Economics Department at the University of Singapore, was chosen as the first chairman – a post that he served in until 2001.

Over time, the NWC has been recognised by the International Labour Organization (ILO) for its “critical contributions” to Singapore’s labour movement. It has been described by the ILO as “the first tripartite institution in Singapore which brought the Government, employers, and workers together to formulate wage guidelines to achieve orderly wage increases and to prevent wage disputes which could hamper the progress of industrialisation”.<sup>25</sup>

The reason for the NWC’s effectiveness lies partly in its approach to developing a coherent wage system consistent with long-term development.<sup>26</sup> Unlike many other countries’ wage councils, which commonly focused on setting minimum wages to ensure that wages keep pace with consumer prices, the NWC was modelled after the Dutch system.<sup>27</sup> In the aftermath of World War II, the trade unions in the Netherlands followed a policy of limiting their demands to the existing real wage level, to support the country’s industrialisation programme and post-war reconstruction. The unions refrained from asking for other wage increases besides those necessary to compensate for increasing costs of living. They were able to galvanise the Dutch people to postpone higher wages until productivity was restored to normal levels and the new industries had consolidated their positions.<sup>28</sup>

### **First Challenge: the 13th Month Bonus**

One of the NWC’s first tasks after its formation was to rationalise current wage policies that might undermine Singapore’s immediate growth prospects, starting with the 13th month bonus. In 1972, Mr Hon Sui Sen requested that the NWC’s tripartite representatives provide their views and feedback on MOF’s intention to give an extra month’s salary to all public servants that year to narrow their wage gap with workers in the private sector.<sup>29</sup>

This 13th month payment was intended to serve as a “holding operation” to tide civil servants over while the Government restructured public pay scales in the aftermath of the withdrawal of British forces,<sup>30</sup> which would have a knock-on impact on Singapore’s GDP. This salary review also provided the Government with an opportunity to look into the practice of paying increasingly higher year-end bonuses in the private sector.<sup>31</sup> Singapore workers were accustomed to the traditional year-end bonus system, and NTUC was keen to popularise it.

However, this variable wage commitment was not as palatable for foreign investors because it made business planning more uncertain. Based on feedback from employers, MOL recognised the need to refine the practice of high year-end bonuses in Singapore, which differs from the system of a “clean wage” preferred in the West. Dr Albert Winsemius took the side of employers in objecting to a policy of bonus payments, which he saw as being detrimental to boosting productivity.<sup>32</sup> Part of the reasoning for this was that bonuses are applied across the board, rather than disproportionately rewarding and incentivising the best-performing businesses and employees.

This rift between unions and employers on the 13th month bonus finally came to a close after then-Prime Minister Mr Lee Kuan Yew stepped in to steer tripartite discussions with the NWC.<sup>33</sup> Subsequently, the NWC recommended replacing



all previous bonus payments with a fixed 13th month payment capped at a maximum of three months' salary.<sup>34</sup> This was implemented as the Annual Wage Supplement (AWS) through the Employment (Amendment) Bill in June 1972.

### **Second Challenge: Implementing Wage Restraint**

The Oil Crisis of 1972 and 1973 posed the next significant test of the tripartite relations and the NWC. The war in the Middle East in the early 1970s, coupled with rising demand in the West, triggered a global shortage of oil and sparked off global inflation.

The impact of the Oil Crisis on the Singapore economy raised concerns that wage negotiations could get testy, as employers baulked against spiking labour costs. Singapore's rapid industrialisation in the late 1960s and early 1970s had raised workers' expectations of high wage increases. With GDP growth at over 10 per cent in 1972, wage increments were in the range of 8 per cent to 10 per cent that year,<sup>35</sup> compared to headline inflation rates of about 2 per cent.

The tension between the needs of the employees to have wages keep up with inflation, and the concerns of the employers over spiralling costs, was a potential source of conflict. Thus, the NWC's mandate was to ensure orderly wage adjustments by formulating wage and wage-related guidelines through tripartism. The NWC did not have standalone secretariat and research capabilities. So it relied on the Government for estimates of appropriate wage increase recommendations for each year, which were in turn based on advice from Dr Albert Winsemius and his team.<sup>36</sup>

As the ILO noted in its 2010 report on Singapore's tripartite relations, the NWC would formulate guidelines that were not just limited to providing a basis for

wage negotiations, minimising wage disputes, and fostering sound industrial relations. It also "laid down an important principle for wage negotiations: wage increases should lag behind productivity growth to maintain and enhance competitiveness," it stated.<sup>37</sup> This was reflected in the NWC's approach to calibrating wage increases in the 1970s. To prevent the tight labour market from stoking inflationary pressures, the NWC recommended wage increases below the rate of consumer price inflation in 1973 and 1974.<sup>38</sup> This move prevented a full pass-through of the first oil shock into wages, facilitating the economy's quick absorption of the oil shock and cushioning the impact of the crisis, according to the International Monetary Fund.<sup>39</sup>

At the same time, the NWC had to balance the interests of employers with the needs of workers, as the Consumer Price Index (All Items) rose to 19.6 per cent in 1973 and 22.4 per cent in 1974.<sup>40</sup> This wiped out its wage increase recommendation of 9 per cent for 1972.<sup>41</sup> The NWC was just gaining public and media awareness as a wage-setting mechanism. To ensure it did not lose public trust, it called for an off-cycle meeting in December 1973 and announced supplementary recommendations in January 1974 for an additional \$25 wage increase to help workers cope with the unforeseen inflation.<sup>42</sup>

This translated into at least an extra 8 per cent increase in wages for the majority of workers, who were then earning less than \$300 per month.<sup>43</sup> The majority of employers chose to comply with the NWC's recommendations,<sup>44</sup> making its timely intervention even more significant in proving to unions and employers alike that tripartism could generate mutually agreeable and beneficial outcomes.

This episode also marked the NWC's first public demonstration of its effectiveness in helping workers in times of crisis.

## The Consolidation of Tripartism

The NWC, by virtue of having high-level representation from employers, unions, and the Government, filled a critical gap in tripartite negotiations. Its annual sessions provided an important platform for deep, sustained discussion among tripartite leaders, who previously did not have similar back channels for regular engagement.

This fostered greater understanding of different perspectives and built trust among the leaders. In the initial years, the NWC's final wage recommendations were often compromises or grudging accommodations from all parties.<sup>45</sup> But negotiations grew increasingly effective.

As NTUC's position strengthened as the representative tripartite partner negotiating on behalf of the workers at the NWC, more unions joined their ranks. Within six months of the NWC's inaugural wage increase recommendation guidelines in 1972, trade union membership in Singapore grew 29 per cent.<sup>46</sup>

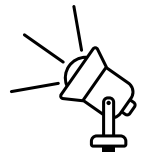
Mirroring NTUC's rapid growth in membership, employer groups also started to consolidate at the prompting of MOL. An umbrella organisation, SNEF, was set up in 1980. It was formed from a merger of the SEF with the National Employers Council (NEC), to provide their combined 717 members with a unified voice and a more coordinated negotiating approach.

With these institutional pillars in place, tripartism would go on to serve as a springboard for Singapore's capital intensive growth in the 1980s. Over time, NTUC and SNEF have become pillars of Singapore's tripartite ecosystem as they built a more cooperative relationship to sustain Singapore's economic growth and productivity.

*Spotlight chapters highlight key topics that span multiple eras, and how MOM took unique approaches to address them.*

This spotlight sheds light on the journey to more peaceful industrial relations, and how tripartism played a critical role in resolving disputes and enhancing policymaking.

## Tripartism: Singapore's Secret Weapon for Industrial Peace



On January 2, 1986, the phones probably rang off the hook in the office of Mr Ong Teng Cheong, who was then the Secretary-General of NTUC. Some of the calls were from Cabinet members and Government officials who were upset that Mr Ong Teng Cheong, as labour chief, had sanctioned a two-day strike by workers at the Tuas factory run by American oilfield equipment company Hydril. The unionised workers, bearing red armbands emblazoned with the words "We want justice", demonstrated peacefully outside the Jurong site, forming an orderly line to chant and wave their placards.<sup>1</sup>

For these workers, the tension had been simmering for months. Hydril's management imposed what workers viewed as unreasonable standards, with 90 per cent of workers being slapped with disciplinary measures for not performing up to par, while six union leaders were

sacked due to reportedly poor performance.<sup>2</sup> Such actions stoked the staff's suspicions that Hydril, which was under pressure to cut costs amid the recession, was using poor productivity as an excuse to fire many more without having to pay retrenchment benefits.<sup>3</sup> When the management refused to enter into mediation with MOL and unions, the stage was set for an inevitable showdown.

Mr Ong Teng Cheong alluded to the Hydril management's intransigence when explaining why he gave the green light for the workers to strike. Until 1986, Singapore had been strike-free for eight years (see Chapter 2). The Hydril case looked like a smear on this clean record. Yet, he made this difficult decision knowing full well there would be a strong pushback from other Government bodies such as the Economic Development Board (EDB), which was put in a difficult position as it was conducting a roadshow in the United States to attract investment to a recession-hit Singapore at this critical juncture.<sup>4</sup>

"I did not even tell the Cabinet about sanctioning the strike," Mr Ong Teng Cheong said in an interview with Asiaweek years later in 2000.<sup>5</sup> "And some of them were angry with me about that. The Minister for Trade and Industry was very angry, his officers were very upset. They had calls from America, asking what happened to Singapore?"<sup>6</sup> But Mr Ong Teng Cheong, who became Deputy Prime Minister and was elected President, stood his ground at that time. "(The strike) only lasted two days. Then all the issues were settled. It showed that management was just trying to pull a fast one. So I believe what I did was right," he explained.

### **Strong Action**

This watershed event demonstrated that tripartism did not mean that there would be no tolerance for disagreement, dissent, or in this case, strikes. After all, workers were permitted by laws to strike, as long as the unions obtained the consent of the majority of their members through a secret ballot. This right had been enshrined in Singapore's Trade Unions Act. But unlike past conflicts in the 1950s and 60s, which were often the first recourse for militant unions who deployed destructive acts like vandalism to force the employers' hand, the Hydril strike was chosen only as a "weapon of last resort" after the management turned a deaf ear to the union's repeated requests to negotiate.<sup>7</sup>

With just 122 workdays lost, the Hydril strike was relatively contained. But its significance – imprinted in history as Singapore's last legal strike – was major.<sup>8</sup> The strike demonstrated that while the unions adopted a non-confrontational approach towards the Government and employers when finding amicable solutions, they were also prepared to act decisively to protect workers' interests when the need arose.

The majority of unions are represented by NTUC, which has 58 affiliated member unions representing 1.3 million workers in 2024.<sup>9</sup> As one of the pillars of Singapore's unique model of tripartite labour relations, NTUC was mindful of the potential impact any decisive labour action may have on Singapore's reputation as an attractive business destination. It also took care not to weaken tripartism, by adopting a collaborative – rather than confrontational – approach

to negotiating win-win-win outcomes for all three parties: workers, employers (represented by SNEF), and the Government.

Tripartism's effectiveness as an enabling mechanism for ensuring industrial peace lies in its strong channels of communication, conciliation, and negotiation. For instance, the outcome of the Hydril strike proved MOL's mettle as a neutral mediator to bring both employer and union back to the tripartite negotiating table. MOL facilitated 16-hour-long negotiations between the union leaders with Hydril's top management, both in Singapore – its CEO was a Singaporean who had previously served at EDB – as well as at its Houston headquarters.<sup>10</sup>

Mr Ong Yen Her, former MOM Divisional Director, Labour Relations and Workplaces Division, was a key intermediary for those intense discussions, as he had built close relationships with the trade unions that helped bring about an amicable settlement.<sup>11</sup> “We started negotiations immediately after the two-day strike and went on until 2am or 3am,” he recalled in an interview for this book.<sup>12</sup> Following tense, protracted negotiations with Hydril's headquarters, all parties agreed on a package to reinstate one out of the six unionists who had previously been dismissed, and to compensate the other five.

In hindsight, sanctioning the Hydril strike carried some risks, recalled Mr Ong Yen Her. “There were certain situations where an employer had moved out of the line, and the trade union may have to do something (like a strike). But it's a risk: what if the employer doesn't back down? Then we would have a bigger problem,” he noted. Another risk was that the Hydril strike might trigger copycat labour strikes and

repel foreign investors, but MOL demonstrated that tripartism was capable of effectively identifying the most appropriate solutions to de-escalate tensions and enforce fair play principles. “While there is no way to legislate that everyone ought to get along, the strength of tripartism is ensuring a conciliatory compromise. It also offers back channels of communication,” stated the authors of the 2020 research paper, “Tripartism in Singapore”.<sup>13</sup>

While industrial relations were relatively stable after the Hydril incident, two examples of labour tensions – at transport company SMRT and Singapore Airlines (SIA) – that narrowly averted escalating into strikes illustrated how things can go awry very quickly. Tripartism provided the first port of call for unions and employers, as well as the last word on amicably resolving their labour conflicts. Here are some landmark industrial actions involving two major Singapore organisations over the years that offer further insights on how tripartism works.

### **1980 and 2003: SIA Pilots**

While tripartism seeks to help all parties find common middle ground, the precondition for conciliation is that both unions and management must comply with the law. It was not the case during the 1980 SIA Pilots' Association's (SIAPA) illegal work-to-rule industrial action.<sup>14</sup> As one of the rare unions that is not under the NTUC umbrella, the SIAPA asserted its independence by conducting tough negotiations with management, outside of the traditional tripartite framework. Its confrontational approach and greater willingness to resort to industrial action resulted in a breakdown of tripartism twice, in 1980 and 2003, compelling the top levels of Government to intervene.

In 1980, the SIAPA put pressure on SIA to approve a 30 per cent increase in basic salaries and better working conditions by launching a work-to-rule action in mid-November, calling for SIA employees to sabotage the company's output and efficiency by working the bare minimum that is stated in their employment contracts. On November 16, in support of the union's call, three SIA pilots and a flight engineer disrupted their Dubai to London flight during their stopover in Zurich. They were later sacked for their actions.<sup>15</sup>

Two weeks later on December 1, 1980, then-Prime Minister Mr Lee Kuan Yew stepped in to resolve the conflict. He summoned SIAPA leaders to the Istana, where he told them to "stop this intimidation, which is...bringing SIA right down".<sup>16</sup> In a 1980 General Election rally speech, he recounted how he instructed the men to return to work, restore discipline, and follow up by arguing their case in arbitration court. He also issued an ultimatum with his characteristic no-nonsense demeanour: "Continue this and I will by every means at my disposal teach you and get the people of Singapore to help me teach you a lesson you won't forget."<sup>17</sup>

After huddling together to consider Mr Lee Kuan Yew's words, the SIAPA leaders agreed to call off all industrial action. On December 15, 15 SIAPA leaders were charged in court for illegally launching the work-to-rule industrial action without first taking a secret ballot.<sup>18</sup> The SIAPA was also de-registered, and was replaced by the Air Line Pilots Association of Singapore (Alpa-S) in 1981.

However, the new Alpa-S would also stir up conflict two decades later. During the 2003 severe acute respiratory syndrome (SARS) crisis, SIA

reduced flight service by 20 per cent, imposed wage cuts, dismissed 206 cabin crew trainees,<sup>19</sup> and placed 6,600 cabin crew members on compulsory no-pay leave.<sup>20</sup> In late November 2003, four NTUC-affiliated unions worked with the Alpa-S to bargain hard with management and came up with a deal on behalf of their members. If SIA workers pulled together to help SIA meet its S\$600 million profit target for the year, they would receive a lump-sum payment equal to their wage cuts. On top of this, they would receive an additional 15 per cent payment that was promised.

But when Alpa-S's representatives went back to their members to get their endorsement, they were met with dissenting voices. Some of the members called for the current leadership to be replaced with tougher, more assertive representatives who would fight for better terms. They got their way, ousting their leaders in a no-confidence vote. This incident stirred the Government and NTUC to action.

Then-NTUC Secretary-General Mr Lim Boon Heng took to the press to criticise those SIA pilots. He told *The Straits Times*: "It comes as a surprise that the pilots, who had given their support to the wage cuts, with built-in protection should the company do better than expected, now boot out their leaders."<sup>21</sup> He added: "It would be naive to think that they are just looking after their interest. It is like starting a fire in your bedroom, and telling your parents, brothers and sisters that it has no impact on them!"<sup>22</sup> An even sterner warning was voiced by then-Minister for Manpower Dr Ng Eng Hen who declared he would not allow the SIA pilots to jeopardise Singapore's position as an air hub or threaten industrial harmony here, while then-Deputy Prime Minister Mr Lee Hsien Loong said the Government would not stand by and let the pilots

“do Singapore in”.<sup>23</sup> As the dispute continued, then-Senior Minister Mr Lee Kuan Yew was the next top leader to intervene to restore peaceful industrial relations. In February 2004, he summoned key leaders of Alpa-S to a meeting,<sup>24</sup> and warned that they would face serious consequences if they refused to reach a compromise swiftly with the management.

Alpa-S complied. It returned to negotiations mediated by MOM to avoid open court confrontation, and finally reached an agreement on the wage cuts dispute in late June. This included pay cuts of 16.5 per cent for captains and 11 per cent for first officers, which SIA would compensate for with a lump-sum compensation plan that provided the company with a more flexible pay structure.<sup>25</sup> In light of the internal tussle and dissent within Alpa-S that nearly scuttled the deal painstakingly negotiated between NTUC, the SIA unions and management, the Trade Unions Act was amended in 2004 to allow union leaders to arrive at agreements with management without having to seek the consent of union members.<sup>26</sup>

### **2002 and 2012: The SMRT Sagas**

It was an accumulation of grievances that began to fester, starting from 2001 when the SMRT management butted heads with the National Transport Workers’ Union (NTWU). The disagreement was over the company’s insistence on including a stipulated quantum in the collective agreement, against the union’s request for this to be determined by annual negotiations.<sup>27</sup> A year later, the union was further aggrieved when SMRT failed to honour an annual wage increase.

For the NTWU, they believed that SMRT management had crossed the line. Refusing to back down again, the only solution left in this intractable situation was to initiate a strike. They cast a secret ballot among members, with the majority agreeing to this action of last resort. They also received blessings from their umbrella union – NTUC. But as essential public transport workers, the SMRT workers were required by law to give the management two weeks’ notice about the work stoppage.<sup>28</sup>

Before the union served notice of their strike plans, several things happened behind the scenes to resolve the situation without a standoff. Then-NTUC Secretary-General Mr Lim Boon Heng notified Ministry of Transport officials, who, in turn, informed SMRT, putting pressure on the company to honour their agreement with the union.<sup>29</sup> The management finally acquiesced, averting a potentially disruptive strike.<sup>30</sup> This outcome illustrated how informal channels of communication helped resolve the issues.

The issue was more complicated a decade later, when workers, who were not union members took matters into their own hands by refusing to turn up for work. A total of 171 Chinese national bus drivers went on strike on November 26, 2012. It was an action deemed illegal under the Criminal Law (Temporary Provisions) Act’s specific notice provisions for strikes in essential services.

The Chinese nationals, who numbered about 450 out of SMRT’s 2,000-strong roster of bus drivers, were unhappy that SMRT was paying them less than their Malaysian counterparts;<sup>31</sup> increasing their work

schedules from five to six days a week,<sup>32</sup> and providing poor dormitory living conditions. At that time, less than 5 per cent of the Chinese drivers were members of the NTWU, and many of them were reportedly unaware of Singapore's laws on strikes. Angered that the complaints they lodged with their supervisors were met with a tepid response, a large group banded together to agitate for change by refusing to show up for work. This disrupted about 10 per cent of SMRT's bus services on the first day, and 5 per cent on the second day.<sup>33</sup>

Facilitated by MOM officers, SMRT sought to negotiate with the strikers, initially offering a S\$25 monthly pay raise,<sup>34</sup> but that was insufficient to pacify the Chinese workers.<sup>35</sup> On November 27, 88 drivers extended the strike into the second day. The following day, 20 of the strikers were called in by the police to assist with investigations,<sup>36</sup> with five of them arrested and subsequently charged for instigating the illegal strike.<sup>37</sup> They were jailed for between six and seven weeks for their actions.

The strike ended that day with the rest of the bus drivers – apart from six who had valid reasons for being absent – returning to work. Four days later, 29 drivers who were found to be active participants in the illegal strike were deported to China.<sup>38</sup>

In the aftermath of the strike, SMRT conducted internal investigations and its then-CEO Mr Desmond Kuek acknowledged that the strike might have been averted if the bus drivers' supervisors had responded in more sensitive ways to the drivers' grievances.<sup>39</sup> The company moved to improve dormitory conditions and strengthen communication

through channels such as regular townhall meetings with workers.<sup>40</sup> By February 2013, about 75 per cent of the Chinese drivers at SMRT had joined the union.<sup>41</sup>

### **Building Trust During Crises**

The twists and turns of the SIA and SMRT labour disputes provide a look into the tripartite mechanisms that help to support industrial harmony. Tripartism in and of itself is not a silver bullet that will ensure industrial harmony. Workers and employers need to have a shared interest to achieve win-win outcomes, and this can also benefit the nation as a whole.

Over the decades, the tripartite partnership has undergone a baptism of fire multiple times through the various crises and challenges – from the turbulence in the 1970s to the economic recessions in 1985, 1997 and 2008, as well as epidemics and pandemics such as SARS and COVID-19 – and emerged stronger and more united than before. Their trust-based decisions, as a result, can stand the test: during the 1997 Asian Financial Crisis, for example, unions agreed to CPF cuts, trusting that they would be restored when the economy recovers – and they were right (see Chapter 4).

In contrast, other countries in Europe and North America face more frequent industrial actions and work stoppages. A cautionary tale is found in Ireland, where good tripartite relations weakened during the 2008 Global Financial Crisis. Hard-hit banks sought a bailout from the Irish government, which gave them billions. But when

unions sought help from the Irish government for the many displaced workers who lost their jobs amid the crisis, the Government stood aside. “The Government said sorry, there is no more money left to save the workers. When that happened, everything collapsed. The unions could no longer trust the Government and employers,” said Mr Lim Boon Heng in a Stewardship Asia research report.<sup>42</sup>

More recently, 2023 marked a significant jump in major work stoppages, involving 1,000 or more workers, in some western countries: the US witnessed a two-decade peak of 33 such incidents involving nearly 459,000 workers while France was mired in hundreds of nation-wide strikes and protests,<sup>43</sup> including an episode involving over a million people opposing pension reform.<sup>44</sup> Singapore’s disputes, in comparison, have been mainly confined to employment claims and appeals that were settled amicably, largely through mediation.

The contrast between Singapore’s brand of collaborative tripartism and the more confrontational style of tripartism in some other countries highlights how important it is to build what Deputy Prime Minister Mr Gan Kim Yong described as the “deep reservoir of trust and understanding” between the tripartite partners.

“Crisis after crisis, we have been able to maintain that trust: Employers recognise the sacrifices of workers, so they reward them appropriately when the crisis is over and the company does well,” said Mr Gan Kim Yong, who was Minister for Manpower from 2009 to 2011, in an interview for this book.<sup>45</sup> “When companies run into difficulties, the workers and unions reciprocate by saying, ‘Okay, we will tighten

our belts and survive together.’ This journey strengthens trust and understanding, allowing tripartism to serve a common cause of growing businesses and sharing the growth with the workers.”

### **Building Rapport During Times of Peace**

Tripartism in Singapore has changed the rules of the game for unions and employers over time. During the era of industrial strife from the 1940s to 1960s, management and unions had been part of the problem contributing to civil unrest. But with the rise of tripartism, they have become part of the solution leading to amicable dispute resolution, aided by the Government as a facilitator and mediator.

This has enhanced the quality of policymaking and the effective implementation of these policies, by factoring employers’ and employees’ perspectives into the policy formulation process. This has allowed policymakers to address issues of concern early on, leading to better-designed policies, and smoother implementation. As discussed in later chapters of this book, various tripartite committees have succeeded in developing policies that would have been deemed very contentious in other countries, such as raising the retirement age.

In 2018, when raising the retirement age was taking shape on the national policy agenda, MOM approached union leaders as a sounding board, even before creating a tripartite working group to prepare the ground for policy-formulation. Then-Minister for Manpower Mrs Josephine Teo, who was appointed to the post in May 2018,



recalls approaching then-Assistant Secretary-General of NTUC Ms Cham Hui Fong, whom she knew well from her union days, to set up meetings with the union's cluster leaders. "We went into quite specific discussions on the retirement age and re-employment age, and what various union clusters believed was beneficial to the workers," she recounted in an interview for this book.<sup>46</sup>

This was followed by similar discussions with SNEF leaders, who were "open-minded and accepted the fact that it was in their interest to address this question", she said, adding that the unions' and employers' early feedback, along with the subsequent formation of a tripartite working group, helped to pave the way for a smooth transition when the policy was finally introduced. "These exchanges helped us to understand each other's concerns, allowing us to come to a consensus on what was best for Singapore," she added.

Indeed, a key reason why Singapore's tripartism has been so successful is that it has delivered results, said former Director-General of the ILO Mr Guy Ryder. Speaking at the International Forum on Tripartism in 2015, he highlighted tripartism as "fundamentally important" to policy-making. And while other countries struggle to adopt it, Singapore has succeeded for a few reasons, he said.<sup>47</sup>

"The first thing, I think we need to remember it, is that tripartism will generally be judged like everything else, by the results that it produces. Results matter. We can't preach a principle if the principle doesn't produce results. And here in Singapore, of course, the results are very plain for all to see," he said.

The second key factor is the importance of having a firm institutional base through which tripartism is conducted. Singapore, he said, has that firm institutional base, one which enables "the decisions from tripartism to be enacted transparently, honestly and quickly".

The last factor is that tripartism has to be conducted between independent and representative organisations. In this regard, Singapore has the key factors for tripartism to succeed.

None of these benefits of tripartism happened by chance. Tripartism has been cultivated over decades, forged by mutual trust and bonds among the tripartite partners. These special bonds have also been formed through shared experiences through formal frameworks like the NWC, as well as regular informal platforms, such as the tripartite golf games at the Orchid Country Club.<sup>48</sup> Despite the early tee-off, tripartite leaders turn up to tune their swing and discuss their perspectives on labour issues. This, in turn, has allowed the tripartite partners to practise the art of give-and-take: sometimes employers score a win; at other times, unions get their say; and MOM remains a neutral arbiter ensuring that national interests are well-served on these fairways of amicable exchanges. What is also important to keep in mind is that these special bonds and trust must be consciously rebuilt with each successive generation of tripartite leaders.

"With every new manpower minister, every new generation of union leaders and management leaders, you need to rebuild that trust," said Mr Gan Kim Yong. "This trust cannot be inherited."<sup>49</sup>

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# Industrialisation and Beyond

### Chapter 3

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## Building a Productive Workforce

With the system in place to create industrial peace, the focus turned towards building Singapore's economy, a plan that consisted of rapid industrialisation coupled with an export-oriented strategy. This economic plan was also devised to tackle what the new Government identified as a key impediment to nation-building: mass unemployment. The high unemployment rate of nearly 10 per cent in 1961, combined with a fast-growing population that was increasing at roughly 4 per cent a year, made it clear that job creation was paramount.<sup>1</sup>

The plan to look outwards was born out of a realisation by the nation's leaders that the tiny nation could not afford to go down the protectionist route that many newly independent countries had because of its limited manpower and natural resources. Singapore's small market size also meant that an import substitution strategy, where goods would be manufactured domestically instead of imported, would not work. Creating an export-led economy was the way to go. Dr Goh Keng Swee, often called the economic architect of Singapore, explained the growth strategy in an essay published later in 1976 titled

“A Socialist Economy That Works”. “Singapore’s growing industries produced goods not for the domestic market, which was far too small, nor even for the regional market in Southeast Asia...Our market was the world market. They (foreign investors) brought with them not only production and management know-how, but also the world market for their products,” said Dr Goh Keng Swee.<sup>2</sup> Courting foreign investors had two advantages. First, large foreign companies had the expertise, networks, financial capital and access to global markets to enable Singapore to quickly scale up its industries and create jobs. Second, these foreign companies could transfer their knowledge to the local workforce, equipping employees here to eventually take over the building up of local industries. In charge of this effort was the EDB, which courted companies like Texas Instruments and Fairchild from the United States, and Seiko from Japan.

To make Singapore an even more attractive investment location, the Government also introduced the Economic Expansion Incentives Act in 1967, which provided new tax incentives for investments. These included up to 90 per cent remission of tax profits to approved enterprises for up to 15 years, among other tax exemptions and relief. Singapore was turning into a regional industrial powerhouse thanks to its export-oriented economic strategy.<sup>3</sup>

But just as its industrialisation plan was shaping up, Singapore was dealt a major blow when the British announced in 1967 that it would withdraw its military, which accounted for 20 per cent of the economy, by 1972. The bombshell gave the Government greater urgency to press ahead with its economic growth plans. Among other things, it set up a department called the Bases Economic Conversion Department, which conducted negotiations with the British on the takeover of its bases. Led by the first EDB chairman Mr Hon Sui Sen, the Department took over nearly 15,000 acres of land and property from the British.<sup>4</sup> It was also responsible for the vocational training of nearly 24,000 Singaporean

workers who were made redundant, enabling them to get jobs in the booming manufacturing sector.

The Government’s swift actions tempered the impact of the British military withdrawal, with the Singapore economy continuing its upward climb. With the global economy growing rapidly, Singapore leveraged the rising demand for consumer products to achieve sustained growth in the early post-independence period. By 1973, Singapore’s economy was booming and the Government had achieved its earlier target of preventing mass unemployment with relentless job creation.

Real gross domestic product (GDP) grew at an average rate of 13 per cent annually from 1966 to 1973, a pace that put Singapore among the fastest-growing economies in the developing world. In absolute value, the country’s GDP had quadrupled from S\$1.92 billion at the beginning of the decade to S\$7.52 billion by 1978. Most importantly, the unemployment rate fell from 9 per cent in 1966 to 4.4 per cent in 1973, with employment in the manufacturing sector growing by more than 50 per cent between 1966 and 1969.<sup>5</sup>

Another key contributing factor to Singapore’s successful industrialisation was the increase in female labour force participation. Between 1957 and 1980, the labour force participation rate for resident women more than doubled from 21.6 to 44.3 per cent.<sup>6</sup> This brought the share of women in the labour force up from 18 per cent in 1957 to 31.4 per cent by 1976, a move facilitated by broader developmental strategies.<sup>7</sup> Most notably, the Government set aside up to 20 per cent of land within high-density residential estates, or “new towns,” for light and clean industries. It allowed such industries to tap workers from housing estates, especially women who were more inclined to such jobs and preferred to work closer to home.

As industrialisation raced ahead, Singapore started facing another problem, one that was diametrically opposite to its initial challenges. The country's labour surplus was quickly turning into a shortage, making it harder to meet growing business demand. To overcome the constraints of limited manpower supply, Singapore sought a two-pronged solution: raise productivity levels by reskilling the workforce and improving workplace safety, and augment the local workforce with skilled foreign labour.

### **Solution 1: Raise Productivity**

The concept of productivity, while not novel, was not widely embraced by industry in the 1970s. Businesses often hired large numbers of workers, who were often unskilled and untrained. If Singapore wanted to raise its productivity, it would have to educate businesses and workers on the importance of productivity, while providing them with the necessary resources to do so.

This push for productivity was something that had already been on the minds of Singapore's leaders since the 1960s, when the National Productivity Centre (NPC) was established in 1967. EDB had charge over it, with support from NTUC, SNEF and the Singapore Manufacturers' Association. In 1971, the running of the NPC was transferred to MOL, which took the next step to transform it into the National Productivity Board (NPB) in 1972.

MOL's mission was clear: increase the productivity of the workforce, which would allow businesses to do more with less. This would, in turn, alleviate the shortage of manpower that the economy was facing, a task that would be taken on by the NPB. During the debate to pass the NPB bill in Parliament in 1972, then-Minister for Labour Mr Ong Pang Boon explained that raising productivity in Singapore was crucial because of the country's economic realities – a small nation with no natural resources, except for its people, geographical location

and fine harbour. "While other countries have abundant mineral deposits to exploit, we have none. While other countries have vast, fertile tracts of land to till, we have none. We can build a healthy economy and enjoy a high standard of living only upon the productivity and discipline of our working population...in both the public and private sectors," he said.<sup>8</sup>

NPB was founded with a 14-member board consisting of the chairman, an executive director, and three directors each to represent the Government, employers and trade unions, and academic and professional bodies associated with productivity. This range of representation was deliberate, Mr Ong Pang Boon pointed out, as it would "help the Board to better serve the felt needs of different groups in our society and to better elicit their support in the task of raising productivity".<sup>9</sup>

NPB had five key objectives:

1. Promote productivity consciousness amongst management personnel, trade union leaders and workers.
2. Provide training facilities for management and trade union personnel in all productivity techniques, including general management, personnel management, supervisory development, management accounting and industrial engineering.
3. Foster and promote good industrial relations by training and promoting the formation of joint consultative councils.
4. Render management consultancy services to assist industrial enterprises in achieving a general raising of productivity.
5. Assist industrial establishments in formulating and rationalising wage policies and wage systems.

Like many new policies or programmes of that era, a communications campaign was designed to raise awareness of the importance of improving productivity.

On April 12, 1975, the first national productivity campaign was launched by then-Minister for Labour Mr S. Rajaratnam. Managed by NPB, with the slogan “Productivity Is Our Business”, the messages were disseminated via mass media channels like television and radio. Seminars were also organised while paraphernalia such as pamphlets, key chains, posters, and car decals were distributed to the workforce.<sup>10</sup>

Perhaps the most recognisable and successful of NPB’s campaigns was in 1982, when its mascot Teamy the Bee was unveiled. Teamy represented high productivity themes such as being organised and industrious, working in a team and communicating well with others. The affable mascot was broadcast across Singapore on television, bus panels, textbooks, comic strips, calendars and even milk packets.<sup>11</sup> Teamy was often seen uttering catch slogans such as “Come on Singapore, let’s all do a little bit more” and “Good, better, best, never let it rest until your good is better and your better is best”, the latter of which was made into a productivity song named “Good, Better, Best”.<sup>12</sup>

That same year of 1982 also saw then-Prime Minister Mr Lee Kuan Yew launching Productivity Month in November. In support of NPB’s efforts, he encouraged trade unions and employers to champion productivity. Programmes and activities were to be held every November to educate workers on the importance and benefits of productivity for both the company and its workers, with productivity messages disseminated through posters, songs and newsletters.<sup>13</sup>

### **Upskill the Workforce**

While campaigns raised awareness of productivity, scaling up training for Singapore’s domestic workforce was key to increasing workers’ output and overall productivity. Upskilling workers would also help push Singapore’s economy up the value chain and attract greater foreign investment with higher value-added industries, in line with a long-term approach for the economy that

then-Minister for Finance Mr Hon Sui Sen had mooted in 1973.<sup>14</sup> While going up the value chain was warmly welcomed by most stakeholders (see Chapter 4), upgrading workers’ skills was met with a less enthusiastic response, particularly from employers who balked at employees having to miss work if they were sent for training.

Convincing employers was not easy, and the problem was made more difficult due to a lack of training infrastructure. Tackling the challenge required a novel solution, one which was devised by the National Wages Council (NWC), in partnership with other agencies such as the Ministry of Trade and Industry (MTI) and the National Employers’ Council.

In June 1979, the NWC recommended the formation of a central fund dedicated to skills development that would be funded by employers in Singapore. The Skills Development Fund (SDF) would be financed via the Skills Development Levy, a levy placed on employers who hire lower-wage workers. Backed by Mr Hon Sui Sen, the NWC’s recommendations were accepted by the Government in September 1979 when the Skills Development Levy Act was passed. As Mr Hon Sui Sen put it, the levy was “a form of economic tax to penalise employers who made little effort to wean off their over-reliance on cheap labour or to improve their work processes”.

Under the Skills Development Levy Act, employers had to pay 2 per cent of an employee’s remuneration in any month or S\$5, whichever was greater, for employees earning less than S\$750.<sup>15</sup> Money collected from the levy would be matched by the Government every month and put into the SDF to fund workforce training programmes and business operations upgrading. Businesses which sent their workers for upgrading courses could claim reimbursement for the course fees, or apply for grants to support in-house training programmes if no suitable courses were available.<sup>16</sup> It was a significant milestone, where employers could for the first time receive subsidies for sending their workers for training.

While the fund was administered by MOF, a tripartite advisory council called the Skills Development Council helped to make decisions on how the funds should be used. The council included 12 members, four from the Government, four to represent employers and four from NTUC to represent trade unions. Together, the Skills Development Council worked to improve training infrastructure by launching several training programmes under the SDF to train the workforce:

- **Basic Education for Skills Training (BEST)**  
Started in 1983, BEST was aimed at workers with up to Primary Six level education, and offered to improve their basic literacy and numeracy to prepare them for further skills training.
- **Modular Skills Training (MOST)**  
MOST was launched in 1984 to encourage employers to sponsor workers for training in specific skills one module at a time, making training more manageable for employees while ensuring that those who go for such training programmes would only be absent from work for short periods of time.
- **Core Skills for Effectiveness and Change (COSEC)**  
COSEC was launched in 1986 to equip workers with generic skills that most industries require. It included modules on problem-solving, computer literacy, communication and personal effectiveness.
- **Worker Improvement through Secondary Education (WISE)**  
Launched in 1987, WISE built on the BEST scheme to enable Primary Six level educated workers who desired to continue their education on a part-time basis. These workers were given the opportunity to study till the Secondary Four level and eventually sit for the GCE 'N' level examinations.<sup>17</sup>

The SDF's training programmes proved successful. By 1989, 116,300 workers, half of the target group, had gone through BEST,<sup>18</sup> while 100,000 workers had gone through COSEC by 1991.<sup>19</sup> A total of 240,000 workers, roughly one out of five of Singapore's workforce, benefitted in 1998 alone.<sup>20</sup> The SDF continued to expand its budget over the years, slowly reaching more and more of Singapore's workforce with its training and upskilling programmes.

With the NPB and SDF, Singapore's productivity plan began to take shape. However, the country's leaders knew that developing the local workforce would take time. In the interim, Singapore still needed foreign workers to address the immediate problem of its labour shortage in the 1970s to keep up its rapid industrialisation.

### **Improve Workplace Safety**

There was growing recognition of the need for better workplace safety to protect workers and help them do their jobs better and faster. With industrialisation, factories had become commonplace – leading to an increase in workplace accidents. The number of fatal accidents in factories had almost doubled from 68 in 1967 to 159 in 1970, while permanent disablement cases rose from 598 to 886 between 1967 and 1970. The number of man-days lost through industrial accidents also rose, tripling from 99,539 in 1967 to 302,800 in 1970.<sup>21</sup>

The Workmen's Compensation (Amendment) Bill was passed in 1971, building on the Workmen's Compensation Ordinance that had been enacted in 1955. It served to protect workers earning less than S\$750, who are eligible for compensation if the personal injuries they suffered at work caused them to be out of work for more than three days.<sup>22</sup>

Two years later, in 1973, MOL introduced the Factories Act, which laid down safety regulations and guidelines and legislated factory registration.<sup>23</sup> The bill replaced the Factories Ordinance which had been passed in 1958.<sup>24</sup> Speaking in Parliament during the reading of the Factories Bill in 1972, Mr Ong Pang Boon noted that workplace accidents resulted in economic costs, but “the most painful aspect of industrial accidents...is the human suffering, anguish and misery caused by loss of life and health. The loss of a father, a husband, a loved one can never be compensated. To think otherwise is to brutalise our conscience”.<sup>25</sup>

This concern for the lives of Singapore’s workforce drove MOL’s insistence on protecting workers through legislation – providing a safe and conducive environment in which Singapore’s workers could thrive.

### **Solution 2: Bring in Skilled Foreign Labour**

Migrant workers were first brought in to fill gaps in the construction and manufacturing industries in 1968. Work Permits for these workers were for a short duration with no guarantee of renewal. Malaysia, particularly the state of Johor, was the traditional source of foreign workers.

In 1973 MOL granted three-year Work Permits to skilled Malaysian workers to help fill manpower gaps, a first in Singapore’s relaxation of Work Permit restrictions for skilled workers in a bid to move away from industries that hired cheap, unskilled labour.

It was made clear in Parliament by Mr Ong Pang Boon that Singapore’s shifting economic strategy, from promoting labour-intensive industries to higher-skilled ones, would mean being selective with the intake of foreign labour. “Work Permits...will continue to be issued liberally to those applicants who possess the skills which Singapore needs, or who can be easily trained to

acquire these skills. On the other hand, unskilled applicants and those applying for white-collar jobs will not be favourably considered for Work Permits unless they have special merits,” he said, during a Budget debate in 1974.<sup>26</sup>

By 1980, Singapore’s non-resident labour force had grown to make up 7.2 per cent of the total labour force, up from 3.3 per cent in 1970.<sup>27</sup> However, a report by the World Bank noted that the distribution of skills among migrant workers was concentrated at both the high-skilled and low-skilled ends, similar to the distribution in 1970. This signalled that the economy was lagging behind in its move up the value chain, with a large proportion of low-skilled foreign workers still needing to be employed.<sup>28</sup>

Despite efforts to raise productivity, complemented by foreign workers, more had to be done. The inertia that Singapore’s workforce was experiencing when it came to raising productivity was likely due to a larger issue – a low wage level. This problem, however, would soon be addressed by the country’s leaders in its corrective wage policy in 1979.



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## Chapter 4

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# Wage Woes: Embarking on Reform

Singapore's rapid industrialisation initially yielded impressive results, attracting significant investment, spawning manufacturing assembly lines, and generating thousands of jobs. However, the strategy soon encountered its limits. GDP growth, which had previously averaged between 10 per cent and 12 per cent earlier in the decade, began to taper off, averaging around 7 per cent between 1976 and 1978. This deceleration was largely attributed to the maturation of low-value-added, labour-intensive industries that had formed the backbone of Singapore's economy. As neighbouring countries began to close the gap, the competitive landscape became increasingly challenging, further constraining growth. To sustain its high growth trajectory and retain its competitive edge, Singapore needed to ascend the value chain and adapt its economic strategy to new realities.

Relying on labour-intensive industries and a semi-skilled workforce was unlikely to be a viable long-term strategy. Instead, some of the top economic minds in the country suggested that Singapore switch to what was considered a radical and unpopular economic strategy, which would later be called Singapore's "Second

Industrial Revolution".<sup>1</sup> If it paid off, however, the new approach would ensure the country's continued growth and prosperity for the decade ahead.

It hinged on one key factor: wages. Singapore's industrialisation, including the subsequent raising of skills and productivity of local workers, all pointed to one outcome – wages had to rise in tandem with the country's development so that Singapore would not be trapped as a low-wage economy. However, Singapore had till then maintained a low wage level to enhance the competitiveness of its labour-intensive industries. As then-Prime Minister Mr Goh Chok Tong recalled in a 2001 speech: "In the '60s and early '70s, we had kept wages low to be competitive. We attracted a lot of labour-intensive, semi-skilled industries."<sup>2</sup> But continuing with low wages would hinder Singapore's move up the value chain by promoting such industries. Conversely, increasing wages would filter out less productive businesses and enhance productivity.

While it made economic sense to review wages to go up the value chain, the effects of this wage restructuring, recognised as Singapore's high wage policy, was a contributing factor to a recession in 1985. This prompted a major review of its economic and labour policies.

### Corrective Wage Policy

A visit to China in 1979 by then-Prime Minister Mr Lee Kuan Yew and a group of leaders triggered a rethink of Singapore's approach to economic growth. After surveying China's fast-growing economy powered by industrial factories, the group returned to Singapore with the conclusion that the country could not compete in low value-added labour-intensive industries. Large countries like China, and later India, and Southeast Asian neighbours such as Indonesia had a seemingly unlimited supply of low-cost labour to power their industries, a resource that Singapore lacked. The country had to move away from low

value-added industries if it wanted to keep growing and remain competitive globally.

Former chairman of the National Wages Council (NWC), Professor Lim Chong Yah, recounted his own experience visiting China in a separate tour during the same year. In his book *Singapore's National Wages Council: An Insider's View*, he said: "We came back with the same conclusion. Therefore, many of us decided that we must do something to upgrade our economy, and not to compete in low value-added labour-intensive industries."<sup>3</sup>

The idea for pushing up wages was not new, said Dr Albert Winsemius, Singapore's then-economic advisor. He told the *Singapore Monitor* in 1984 that it was something he had considered pushing for as early as 1971.<sup>4</sup> But global inflation caused by the oil crisis put a pause on that idea – moving on higher wages amid a high inflation environment could result in runaway inflation.

"That went nicely in 1970, 71, 72 but in 73 I also got frightened. Instead of sticking to my guns, I compromised. And that was a major mistake," he said. "After that, we got a tight labour market because our wages became too cheap, too low. There was more demand for it than we had in our labour market." He continued to study the data from other countries such as Hong Kong, South Korea, and Taiwan, and found that Singapore was lagging behind its counterparts. "In order to upgrade, we have to increase our wages, thus forcing employers to upgrade," he concluded.

In a separate interview with the National Archives of Singapore, Dr Albert Winsemius said that this time in 1979 he was ready to make a firm recommendation. "I spent a whole Sunday on it (studying the data), and then it became clear to me that we were on the wrong track. Other countries had increased their production by increasing productivity, we had increased production by increasing the number of work permits," he said.

Armed with the data, he went on to write a two-page report titled "Vicious Circle of Low Wage, Low Productivity", which detailed how Singapore's low wage policy had led to minimal productivity growth and a tighter labour market.<sup>5</sup> In it, he proposed embarking on a corrective wage policy, one which priced workers' salaries out of low-value industries. The paper, which Dr Albert Winsemius described as the best one he had written, was eventually sent to the Government for consideration.<sup>6</sup>

Following the trip to China, Professor Lim Chong Yah, Dr Albert Winsemius and then-Permanent Secretary for the Ministry of Trade and Industry Mr Ngiam Tong Dow met to discuss their thoughts about the visit. They agreed with Dr Albert Winsemius that Singapore had to adopt a corrective wage policy to force companies to move up the value chain.<sup>7</sup>

On May 30, 1979, Mr Ngiam Tong Dow, a member of the NWC, raised the issue of low wages. He put forward two key arguments for a high-wage policy:

1. Low wages meant a low cost of labour, which in turn generated an excessive demand for labour, leading to a large inflow of low-skilled foreign workers.
2. Low wages also meant little incentive and pressure for companies to improve productivity, causing Singapore to remain dominated by low-wage industries.<sup>8</sup>

The policy was debated vigorously by members of the NWC. Government officials supported the strategy while unionists, initially sceptical, eventually supported the move. Employers, on the other hand, agreed with the overall strategy but did not want wages to move up so quickly.

The plan was then submitted to the Prime Minister on June 23, 1979, and subsequently accepted by the Government. In a letter to then-Prime Minister Mr Lee Kuan Yew, Professor Lim Chong Yah wrote: “If Singapore is to survive in a harshly competitive world, the skill and technology content of our manufactured products and services, and our standards of job performance must constantly be raised to higher levels than those of other competing countries, both in the Asian region and elsewhere.”<sup>9</sup>

Then-Minister for Labour Mr Ong Pang Boon, speaking at the 48th annual dinner of the Singapore Manufacturers’ Association in 1980, noted that the policy was “intended to make wages reflect more closely the current labour market situation and to ensure that our products and services remain competitive in world export markets.” He added that the move was to help “spread the backlog of wage increases that ought to have been given during the cautious period of 1975 to 1978 (following the 1973/1974 oil crisis) over the three-year period stretching from 1979 to 1981.”<sup>10</sup>

### **From Restructuring to Recession, then Coordinated Response**

The NWC’s corrective wage policy played out across three years, starting in 1979 with a S\$32 plus 7 per cent increase in wages and a 4 percentage point hike in Central Provident Fund (CPF) contributions from employers, bringing it up to 20.5 per cent. This increase was backed by data that Dr Albert Winsemius and the NWC had studied, and was carefully decided on to boost Singapore’s regional competitiveness. Workers were naturally happy with the pay rise, but some employers expressed their unhappiness at the policy. Some businesses, such as sawmills, were forced to close because employers could not cope with the drastic rise in labour costs. According to Prof Lim Chong Yah, however, employers’ associations, which had “lots of very responsible and cooperative people,” helped to bridge the gap between the NWC and employers.

Speaking at the opening of the national convention on Industrial Relations for the Eighties in 1980, Mr Ong Pang Boon warned employers not to sack workers just to save on wages, remarking that retrenchment ought to be a last resort. “Care must be taken not to exploit the situation...They should not, under the guise of upgrading, retrench older workers merely to save on the wage bill,” he said. While he cautioned employers, Mr Ong Pang Boon also urged trade unions and workers to “extend every cooperation to employers who are upgrading their establishments”.<sup>11</sup>

Although the majority of employers were compliant with the wage increases, some wondered how long the policy would last. Then-Deputy Prime Minister Mr Goh Chok Tong assured Singaporeans in 1980 that the high wage policy was a “short-term offensive weapon against slipping productivity and getting stuck in the quicksand of low value-added labour-intensive industries”, which he predicted would last for three to five years.<sup>12</sup> The next year, in 1981, Mr Goh Chok Tong continued to highlight the necessity of the wage hike in his Budget Statement, saying: “We must first break the vicious circle of low wages sustaining too labour-intensive activities, which lead in turn to poor productivity growth, and over-tight labour market and slower economic growth.” The push for higher wages resulted in significantly elevated incomes for workers, with the average wage increase for resident workers across the three years amounting to a staggering 58 per cent.<sup>13</sup>

Despite worries that the high wage policy would hurt the economy, surveys showed that the policy was meeting its intended objective. According to a survey by SNEF in 1981, 75 per cent of the 239 companies that implemented the NWC’s wage guidelines had chosen to upgrade skills, automate and reorganise to offset the increased labour costs.<sup>14</sup> At the national level, there was a 71 per cent increase in fixed investment per worker for new investment commitments, and a 28 per cent increase in value-added per worker. There were also clear

signs that the economy was restructuring, with more companies from high value-added industries such as computers, electronics, machinery and pharmaceutical products opening up facilities in Singapore.

However, the corrective wage policy soon proved to be a double-edged sword. Despite its usefulness in hastening Singapore's move up the value chain, it also accelerated the country's rising costs of production, which impacted the country's competitiveness. As then-Prime Minister Mr Goh Chok Tong observed in 2001: "The wage correction was meant to last only three years. But the economy continued to expand even as it was restructured. Wages, therefore, kept on climbing even after the 3-year wage correction period ended in 1982. The end result was that wages outstripped productivity growth. They rose by 14 per cent per annum between 1979 and 1984, above the annual productivity growth of 5 per cent."<sup>15</sup>

In 1985, Singapore suffered its first post-independence recession, the result of both external and internal factors. The weak external environment led to a drop in export demand while the high wage policy eroded Singapore's competitiveness. After enjoying an average GDP growth of about 8.5 per cent each year, Singapore's economy contracted by 1.8 per cent in 1985.<sup>16</sup> The manufacturing and construction sectors suffered the most from the recession, shrinking by 7.3 and 14.3 per cent respectively in that year.<sup>17</sup> A total of 135,000 workers lost their jobs,<sup>18</sup> and the unemployment rate rose to 4.1 per cent, up from 2.7 per cent in the previous year.<sup>19</sup>

The sudden yet severe turn in Singapore's economic fortunes was a sober reminder that the young nation was not immune to the volatility of the business cycles. "It was an important lesson for us, because it was the first time since our successful industrialisation plan, which brought in a lot of foreign investment, that we faced a severe recession," said Mr Ong Yen Her, former MOM Divisional Director, Labour Relations and Workplaces Division, in an interview for this book.

Singapore reacted swiftly. Then-Minister for Trade and Industry Dr Tony Tan formed the Economic Committee (EC) in March 1985, helmed by then-Minister of State for Trade and Industry Mr Lee Hsien Loong to study the recession. After many meetings and just under a year later, the EC published a 234-page report titled "The Singapore Economy: New Directions". It detailed the causes of the recession and laid out the way forward for the Singapore economy. The report named high wage costs as one of the key contributing factors to Singapore's loss in competitiveness, as it stopped businesses from adjusting quickly to market conditions.<sup>20</sup>

To help companies ride through the recession, the EC recommended a temporary but deep 15-percentage-point cut in the employer's CPF contributions, from 25 to 10 per cent.<sup>21</sup> It also suggested that there be no increase in overall wage levels for at least two years to prevent wages racing ahead after the cuts. Cutting CPF contributions, in particular, was a contentious issue, with the unionists opposed to the move. To allay their concerns, Mr Goh Chok Tong held an 80-minute closed-door dialogue with over 200 unionists representing 70 NTUC-affiliated unions on December 27, 1985, where he explained the causes behind the country's recession and potential solutions. When it came to reducing CPF contributions, Mr Goh Chok Tong argued that it would be wiser to lower costs by cutting savings for the future rather than taking from workers' current disposable income.<sup>22</sup>

Tripartism was key to resolving the impasse, as both unions and employers sought to find common ground in tackling the economic recession. Four days after Mr Goh Chok Tong's discussions with the unions, *The Straits Times* reported that NTUC had accepted the CPF cuts. Speaking to reporters, then-NTUC Secretary-General Mr Ong Teng Cheong, said: "The severity and urgency of the problem requires a concerted effort by all Singaporeans. Temporary sacrifices must be shared by all. If we stand united, we can overcome our problems more quickly."<sup>23</sup> His sentiments were echoed by then-Acting Minister for Labour

Mr Lee Yock Suan in 1986, who said in Parliament: “When we first discussed this issue, most of the Ministers in Cabinet, including myself, were strongly against any cut in the employer’s CPF because we know it is the pay of the workers, and we should not touch it except as a last resort. As the months passed by and the economic situation got worse and worse...we realised that we should not stick to that position. It is better for us to take a cut in the savings than (to) sacrifice jobs.”<sup>24</sup>

Former NTUC Secretary-General Mr Lim Boon Heng said in 2022 that the Government’s promise to restore CPF contribution rates once the economy recovered helped convince the unionists. Despite the difficulty of the situation, Mr Lim Boon Heng saw it as a crucial incident which helped strengthen Singapore’s now-robust tripartism. “That episode is one of the fundamental shared experiences of Singaporeans. Unions and workers, employers, and the Government are going through a crisis together, coming up with a solution that works, and also demonstrating to unions and workers that there will be fair play.”<sup>25</sup>

For Mr Ong Yen Her, the NWC played a crucial part in Singapore’s recovery, because it gave the unions confidence that, despite the big wage and CPF contribution cuts, the tripartite partners had workers’ interests at heart. This was particularly tricky given that the NWC had already issued wage increment guidelines earlier in 1985 before the recession hit. “Thankfully, the unions could accept the cuts because they trusted the tripartite system,” he said.

### **Reforming Wages for More Flexibility**

One of the key recommendations the EC gave was to make wages more flexible. This would mark the first time the Government took on wage reforms in a structural manner, and the NWC, which had moved its secretariat to the MOL, took on the role of studying how to get it done.<sup>26</sup>

In April 1986, the NWC set up the Subcommittee on Wage Reform. After extensive research, the subcommittee concluded that wage structures in Singapore had to change in several ways to become more flexible. The reforms included ensuring that wages reflected the value of the job and did not exceed productivity growth, while retaining a measure of income stability for workers. Wage increases had to account for company profitability and individual performance, and need not be permanent.

With these factors in mind, the subcommittee announced its recommendation for a flexible wage system in November 1986. The system would contain the following main features:

1. A basic wage to reflect the value of the job and to provide a measure of stability to the worker’s income.
2. An annual wage supplement (AWS) of one month’s basic wage which may be adjusted under exceptional circumstances.
3. A variable wage component based on company and individual performance of about two months’ basic wage which could be paid yearly or half-yearly.
4. A small service increment in recognition of a worker’s length of service, loyalty and experience.
5. Annual wage negotiation on the basis that the total wage growth is slower than productivity improvement.
6. Periodic review of salaries not more often than once-in-three-year intervals and preferably coinciding with the renewal of collective agreements.<sup>27</sup>

At the time, performance bonuses made up only a small part of a worker’s total pay package, with the civil service not having any performance bonuses at all. Introducing variable components in wages would provide flexibility to a company’s wage structure, allowing them to more easily reward and incentivise performance, while also being able to respond more quickly to changing business conditions.

According to then-SNEF President Mr Stephen Lee, who was part of the subcommittee, Singapore's wage system was heavily seniority-based, leading to a large gap between the salaries of older workers compared to younger ones. A key goal of the exercise was to lower the wage ratio between the younger and senior workers. "We wanted to lower the wage ratio to about 1.5. The thinking behind this was that if it takes one year to learn a job, being there for 30 years does not really add a lot more in terms of contribution. We looked at what was in the market, because we had an annual wage increase exercise, and realised that some of the wage ratios were very high, maybe about 2.2 to 2.5 at the time," he said.<sup>28</sup>

This would also help to keep older workers' wage expectations in line with their productivity, so that they would remain employable. Speaking in Parliament in 1987 after wage reform recommendations were accepted, Mr Lee Yock Suan said that adjusting the wage structure would help workers above the age of 55 continue working despite a potentially lower salary.<sup>29</sup> The Government accepted these recommendations in December 1986.

By 1990, a survey by SNEF revealed that 72 per cent of its members in the private sector had adopted flexible wage models, with 92 per cent of these members satisfied with its results.<sup>30</sup> Looking back, Mr Lee Yock Suan said in an interview for this book: "The wage reform to introduce a flexible wage system was widely accepted. It was realised that future CPF cuts should not be depended upon to get the economy out of recession. Workers needed their CPF savings for old age, housing and hospitalisation needs. Instead, future wage increases should be commensurate with productivity gains and the wage structure should include flexible components which can be cut in the event of a recession."<sup>31</sup>

The move towards more flexible wages was a crucial step to ensuring that Singapore's workers and companies remained competitive throughout the

business cycles, building resilience in Singapore's economy. It is a key virtue that would continue to sustain Singapore's economic growth over the next few decades.

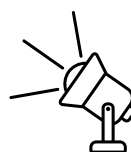
Singapore's wage reform in 1986 would not be its last. Another revamp was announced in 2003 after the 2003 SARS outbreak, which called for companies to reward their workers based on business performance and recovery from the crisis in order to promote wage flexibility (see Chapter 7).

During a speech at the National Tripartite Conference on Wage Restructuring in 2004, then-Prime Minister Mr Lee Hsien Loong noted that the 1986 wage reform exercise was crucial in keeping Singapore afloat amid its first recession, but it was not enough to carry Singapore forward after its more recent crises. Referring to the new challenges Singapore was facing, he said: "So the old escalator is broken, and we are now on a roller coaster ride, full of ups and downs, a lot more challenging, but nevertheless rewarding provided we psychologically prepare ourselves for the ups and downs, and fix our wage system to work properly on this new ride."<sup>32</sup>

*Spotlight chapters highlight key topics that span multiple eras, and how MOM took unique approaches to address them.*

This spotlight traces how the Ministry tackled demographic challenges over the past decades, and took steps to increase workforce longevity and improve retirement adequacy.

## Managing an Ageing Workforce



Singapore's population is ageing fast. According to a 2024 report by the National Population and Talent Division, the proportion of citizens aged 65 and above is increasing, and at a faster rate compared to the previous decade. By 2030, one in four citizens will fall into this age group, up from about one in eight in 2014.<sup>1</sup>

At the same time, the country is experiencing a “great baby drought”, as one newspaper article put it.<sup>2</sup> In 2023, there were 28,877 citizen births, 5.1 per cent fewer than the preceding year.<sup>3</sup> The resident total fertility rate also fell below 1 for the first time to 0.97 in 2023.<sup>4</sup>

Taken together, the low fertility rate and ageing population present what Minister in the Prime Minister's Office Ms Indranee Rajah termed “twin demographic challenges”.<sup>5</sup> If left unaddressed, businesses and

livelihoods could be adversely impacted. As Minister for Manpower Dr Tan See Leng noted in Parliament in 2024, Singapore could lose its lustre for businesses and talent as resident workforce growth hits a plateau or starts to decline. In turn, this could mean fewer quality jobs created for Singaporeans, and stagnant incomes.<sup>6</sup> “You have seen this story play out in other mature economies, whether in Europe, Asia or elsewhere,” he said. “However, Singapore has a chance to write a different story.”

Since the early 1980s, MOM has been trying to do just that. By 1982, it had already begun to study the challenges associated with an ageing workforce, subsequently taking steps to increase workforce longevity – notably through retirement age legislation. This allowed Singapore to harness the potential of its ageing workforce, with life expectancy at birth for residents increasing from 61.1 years in 1957 to 83.0 years in 2023 – one of the highest in the world.<sup>7</sup>

But increasing workforce longevity is not enough. More recently, the tripartite partners have espoused the concept of “productive longevity”, that is, for workers to remain active and valued contributors to the economy even as they age.<sup>8</sup> Given the improved education, income, and occupation profiles of seniors, they are in a good position to do so, with businesses also standing to benefit from their accumulated experience and expertise. In fact, productive longevity underpinned the recommendations made in 2019 by the Tripartite Workgroup on Older Workers, which was convened to study policy options on how to strengthen support for senior workers. Beyond setting out recommendations, however, the report also

reflected a deeper philosophy regarding the role of senior workers in the workforce. Said then-Minister for Manpower Mrs Josephine Teo in 2019 after the report was published: “It is a political choice to treat our ageing workforce as an opportunity and not a burden, to enable our people to contribute as long as they wish...We allocate resources and update policy to support this choice.”<sup>9</sup>

As life expectancy increases, another issue that MOM has to pay attention to is retirement adequacy. In other words, how to ensure that people have sufficient savings to support a longer lifespan. The CPF – a mandatory social security savings scheme that helps Singaporeans build up their nest egg throughout their working lives – has been progressively refined and updated over the years by MOM and the CPF Board, to help retirement savings keep pace with longer lifespans.

This spotlight covers key decisions MOM made since it began preparing to meet the challenges and seize the opportunities presented by an ageing workforce. Such decisions include the introduction of retirement age legislation in 1993, which saw a minimum retirement age of 60 being implemented for the first time, as well as the introduction of CPF LIFE, a national annuity scheme, in 2009. These changes have not always been straightforward ones to make, mired as they are in political and social sensitivities. But the imperative is clear: Singapore must seize the opportunities presented by an ageing workforce.

### **Retirement Age: Legislate or Not?**

The issue of a retirement age had cropped up as early as 1968, when the Government attempted to impose an upper limit on the age of the workforce in the Employment Bill passed that year. Clause 15 of the Bill read: “No employer shall employ a person who has attained the age of fifty-five years without the prior approval in writing of the Commissioner (for Labour).”<sup>10</sup>

However, as then-Minister for Labour Mr S. Rajaratnam clarified during the reading of the Bill in response to strong pushback from other Members of Parliament: “Clause 15...was made to ensure that the unproductive and inefficient do not continue in employment at the expense of more productive and able youngsters.”<sup>11</sup> In other words, its objective was not to establish a minimum retirement age, but to ensure that high standards of workforce productivity were maintained.

There was to be a significant shift in mindset by the 1980s. By then, it was becoming clear that the typical retirement age of 55 years old – established by the British in 1955 when life expectancies were shorter – was a limiting one.<sup>12</sup> People in Singapore were living longer, and resident life expectancies had risen by more than a decade from 61.1 years at birth in 1957 to 72.1 years in 1980.<sup>13</sup> The relatively early retirement of workers was therefore contributing to a tight labour market, exacerbated by Singapore’s economic recovery post-1985 recession.



One option was to raise the retirement age. This was the recommendation of the Committee on the Problems of the Aged, convened in 1982 by the Government to study the implications of an ageing population. Led by then-Minister for Health Mr Howe Yoon Chong, the Committee proposed in 1984: “The customary retirement age should be deferred as far as possible...The National Trades Union Congress should encourage their constituent trade unions to raise the retirement age first to 60 and later to 65.”<sup>14</sup>

Notably, the Committee recommended raising the CPF withdrawal age first to 60 and later to 65. “At present, workers are allowed to withdraw their CPF savings in a lump sum at the age of 55. If this policy is retained, it will mitigate against efforts to encourage workers to continue working beyond 55 to at least 65,” the Committee’s report stated.<sup>15</sup>

But the recommendation to raise the CPF withdrawal age drew fire from the public. One letter to *The Straits Times* in 1984 read: “...the CPF balance is strictly the money of CPF members who have already done their part towards the nation’s development...They have the right to enjoy the fruits of their labour and savings after 55.”<sup>16</sup> Mr Howe Yoon Chong acknowledged in Parliament in 1984 that “the public’s reactions and sentiments against this proposal were vehement”.<sup>17</sup>

Another option to ease the manpower crunch was to relax foreign manpower policy and allow more foreign workers into Singapore. In fact, MOL – as MOM was then known – was facing increasing pressure

from businesses to do just that. But the hiring of foreign manpower could not go on forever (see Chapter 9). “Unless we look for ways to reduce our use of unskilled foreign workers permanently, we will continue to face the problem of labour shortages six years from today,” said then-Minister for Labour Professor S. Jayakumar in a speech delivered in 1984.<sup>18</sup> He noted that six years prior, the Government had allowed the hiring of foreigners from countries other than Malaysia in response to requests from manpower-strapped employers. “Today, the problem still persists,” he said.

The Government also had another concern: productivity. In 1986, the Economic Committee – convened in 1985 to chart a way forward for Singapore post-1985 recession – published its report titled *New Directions*. Said the report: “...more than half of the growth in our workforce in 1980-1984 was accounted for by Work Permit holders. Such an inflow of foreign workers cannot continue indefinitely...Future economic growth will therefore depend on productivity increases and improvements in business efficiency.”<sup>19</sup> The decision was therefore made to raise the retirement age.

### **A Nuanced Approach**

Given that the labour market had thus far allowed for flexibility of negotiation between employer and employee on the retirement age, there were some concerns that legislation would amount to an overstep. The Committee on the Problems of the Aged had advised against it, arguing that “employers regard legislation as an erosion of their management prerogative”.<sup>20</sup> Then-Minister for Labour

Dr Lee Boon Yang, who presided over the enactment of retirement age legislation in 1993, also revealed in an interview for this book that he shared concerns of other MPs that doing so would mean “interfering too much in the labour market (and) the freedom of negotiation between workers and employers”.<sup>21</sup> But the issue of having the bulk of workers in each cohort dropping out at the age of 55 still needed to be tackled, for both economic and social reasons.

MOL therefore initially opted for a more discretionary approach. A three-year promotional period began in 1988, which saw the Ministry engaging companies and unions to encourage them to voluntarily raise the retirement age from 55 to 60. But not all companies were on board. Mr Ong Yen Her, former MOM Divisional Director, Labour Relations and Workplaces Division, who was representing the Government, had to think on his feet. It was apparent to him then that forcing the matter could backfire and cause employers to get rid of senior workers earlier instead.

“Through consultation with employers and unions to address employers’ concerns, an innovative idea was surfaced to gradually phase in the higher retirement age to over 60 over a period of five years,” he said in an interview for this book.<sup>22</sup> This meant that workers approaching 55 would retire at 56, while those approaching 54 would retire at 57, and so on. Those at 51 would retire at 60. With this “rolling-in” approach, “employers were able to accept 60 as the new retirement age in five years while senior workers also had the opportunity to work longer with a regular income if they wanted to”, he added.

However, there were limits to the voluntary solution. While the results in the unionised sector were promising, with close to half (47.5 per cent) of companies raising their retirement age to 60 and beyond, it was a different story in the non-unionised sector, where only 6.2 per cent of companies had done the same.<sup>23</sup> The results were a strong basis for the argument that if the retirement age was to shift, a harder approach would be required – in this case, legislation, said Mr Ong Yen Her.

MOL understood that retirement age was considered a sensitive issue to Singaporeans, because it was perceived to be tied to the CPF withdrawal age. Thus, it decided to build consensus around a statutory minimum retirement age with the tripartite partners, and thoroughly prepare the ground for it. Speaking on efforts to engage businesses and workers in the early 1990s, Dr Lee Boon Yang said in an interview for this book: “We organised sessions with union leaders and met employers through the auspices of SNEF. We explained to them that we are moving ahead to introduce legislation for a minimum retirement age and sought their feedback...Through these sessions, we learnt that the prime thing was to de-link CPF withdrawal from the retirement age.”

“We also learnt that a higher retirement age could increase business costs, because of the entrenched seniority-based wage scale,” he added. “We had to constantly remind union members that, trust us, we are not going to change the CPF withdrawal age. On the seniority-based wage scale, we accepted employers’ feedback and

said that if employers employed a worker beyond age 55, we would need to make some adjustments...Because if we don't do anything, it will make us less competitive with higher wage costs."<sup>24</sup>

With the main points of contention addressed, the Retirement Age Bill was passed in Parliament on April 12, 1993, two years after the conclusion of the promotional period. During the reading of the Bill, Dr Lee Boon Yang reassured Singaporeans that "the raising of the retirement age would not affect the existing CPF withdrawal age which will still remain at 55".<sup>25</sup> To address the concerns of higher cost of employing senior workers, a 5 per cent reduction in employers' CPF contribution for employees aged 55 to 60 was concurrently effected.

The Retirement Age Act (RAA), as it was known, established for the first time a minimum retirement age of 60, effective immediately, with provisions to further raise it to 67 within 10 years. This would put Singapore on par with Scandinavian countries, which were widely considered to be the most progressive in terms of labour market policies at the time.

Significantly, the RAA was enacted without the demonstrations that plagued other countries. This was a result of strong tripartite participation in the decision-making process – the tripartite partners became part of the solution instead of being part of the problem, as seen in many industry disputes in the past, said Mr Ong Yen Her.

### **Impasse: The Re-employment Solution**

While the RAA had been implemented successfully, later attempts to raise the minimum retirement age hit roadblocks. Negotiations conducted by the Tripartite Committee on the Extension of the Retirement Age, which was convened in 1995 to study how a target of 67 could be reached, quickly reached a stalemate. Employers were worried about costs, and suggested wage cuts of 20 per cent for senior workers to mitigate the effects of a seniority-based wage system. This was swiftly rejected by NTUC.<sup>26</sup>

Attempting to force the matter would likely result in a poor outcome for all parties. "A lot of companies would have difficulty complying with the requirement and some may even move elsewhere. In the end, we compromised from 65 to 62," said Mr Ong Yen Her. This was implemented in 1999. Although senior employees saw reductions in their CPF contribution rates,<sup>27</sup> potential wage cuts of up to 10 per cent,<sup>28</sup> and reduced benefits, they in turn benefitted from more protections when it came to age-related dismissals. After that, MOL hit an impasse, with employers unwilling to accept any further raising of the minimum retirement age.

A visit to Japan would lead to a breakthrough. In the early 2000s, the Japanese Trade Union Confederation (RENGO) invited a Singapore delegation to the country. It was a timely opportunity to study how a similar urbanised Asian nation like Japan had tackled the issue of an ageing workforce.

“Every country talks about raising their retirement age, but in Japan, they pursued the direction of re-employment age,” said then-Minister for Manpower Mr Lim Swee Say in 2017. “The key difference between retirement and re-employment age is that when you raise the retirement age, the expectation is for (the) same job, same pay...Whereas when Japan introduced the idea of re-employment age, the concept is, not necessarily the same job, not necessarily the same pay.”<sup>29</sup> The difference was subtle but crucial. Under re-employment legislation, employers would be legally obligated to re-employ workers past the minimum retirement age – but they would have the leeway to adjust contracts and job scope.

A healthy runway was prepared for re-employment to take root, with the first signals given in 2007. During then-Prime Minister Mr Lee Hsien Loong’s National Day Rally speech that year, he noted that re-employment was a “better approach” due to the flexibility it offered to employers and employees. He also clearly stated that re-employment legislation would be implemented by January 1, 2012.<sup>30</sup>

In the meantime, tripartite partners engaged employers and workers extensively to come up with a Tripartite Advisory on the Re-employment of Older Workers in 2008, followed by a set of Tripartite Guidelines on the Re-employment of Older Employees in 2010.<sup>31</sup>

Notably, the Tripartite Guidelines included innovations such as the Employment Assistance Payment (EAP), a one-off payment to employees in the event that employers were unable to offer re-employment. Prior to the EAP being mooted, employers felt that it

would be unfair for them to be required to create jobs for the sake of continuing to hire an employee, especially when there was no need for it, said Mr Gan Kim Yong, who was Minister for Manpower between 2009 and 2011, in an interview for this book.<sup>32</sup> Yet, it was also unfair to employees who would have their employment suddenly terminated.

The matter had been in discussion for a while, but no conclusion was in sight. This impasse ended up being settled in the most unlikely of places: in the back of a van.

While on a work trip in the Swiss city of Geneva, Mr Gan Kim Yong, then-NTUC Secretary-General Mr Lim Swee Say, and then-SNEF President Mr Stephen Lee put their heads together to crack the issue. They huddled together en route to another destination, eventually coming to a consensus that paved the way for broad agreement between the tripartite partners. The EAP was the “final hurdle” that the tripartite partners had to cross before it was “all systems go” for the re-employment legislation, said Mr Gan Kim Yong.

“The EAP is not so much retirement compensation. Its starting point is that employers should try to provide re-employment for the worker. If they cannot, then they should help the worker find a job,” he added.

For employees, the EAP is to “provide some financial support for a period of time, so that they can find another job...That’s why it is called an Employment Assistance Payment, to assist workers to find a job if they want to continue to work,” he said. Such a mechanism, together with a well-established approach for the settlement of disputes via tripartite guidelines, helped to ensure the smooth and

effective implementation of re-employment legislation.

As a result, Singapore became the second country in the world after Japan to implement a re-employment age (then set at 65) with the Retirement and Re-employment Act in 2012, which was enacted smoothly.

This was complemented by efforts to change hearts and minds on the ground. Since the early 2000s, schemes have been available to employers to encourage efforts to create age-friendly workplaces. Most recently, the Part-Time Re-employment Grant was extended from 2023 to 2025 to support employers in providing part-time re-employment opportunities and flexible work arrangements for senior workers. Resources have also been expanded for workers looking to upskill themselves through platforms such as SkillsFuture. These help to support legislation by encouraging attitudes and practices to shift.

Extending the employment age went beyond addressing the tight labour market, noted Mr Gan Kim Yong. “It’s also important to keep senior workers who are contributing and still productive, because they have the benefit of experience – especially in jobs that are highly skilled...Sometimes the skill comes not from studying or training but from job experience. I think it’s important for us to have a way to preserve that and tap on the experience of senior workers.”

All in all, moves to raise the retirement and re-employment ages have enabled more seniors in Singapore to remain engaged in the workforce. In 2012, the employment rate of residents aged 55 to 64 was 64 per cent.<sup>33</sup> This figure had jumped by over six percentage points to 70 per

cent by 2022.<sup>34</sup> The most recent figures put Singapore almost on par with Germany, where the employment rate for the same age group was around 73 per cent in 2022, and even above the Organisation for Economic Co-operation and Development (OECD) total of 62.9 per cent that same year.<sup>35</sup> It is also worth noting that in 2023, more than nine in 10 seniors in Singapore who were willing and eligible to continue working were offered re-employment.<sup>36</sup>

Another way to frame the issue, as Mr Ong Yen Her said, is that Singapore has enabled a total of 13 cohorts of senior workers to stay on in the workforce by raising the retirement age norm from 55 to 68, which was the re-employment age as of 2022. “These are people with experience. In terms of manpower resources, we are able to retain this additional source,” he added. And as the retirement and re-employment ages are gradually increased, this number is only set to rise.

### **CPF LIFE**

An ageing population also presents the major challenge of retirement adequacy. Advances in healthcare, along with better standards of living, have pushed up the life expectancy of Singapore residents, increasing their odds of outliving their retirement savings. In 2007, the resident life expectancy at birth stood at 80.6 years old, an increase of about 4.5 years since 1993, when the resident life expectancy stood at 76.1.<sup>37</sup> But that year, only about 40 per cent of CPF members were able to set aside their Minimum Sum,<sup>38</sup> which refers to the amount set aside for retirement needs when a CPF member turns 55.

There was a growing realisation that more had to be done to help Singaporeans in their retirement years. One solution was to raise the Draw-Down Age – since renamed the Payout Eligibility Age – which referred to the age at which CPF members would be able to start their retirement payouts. Indeed, the Payout Eligibility Age was progressively raised from 62 to 63, to hit 65 by 2018. But this did not completely eradicate the risk. “This is what the insurance people call ‘longevity risk’,” said Mr Lee Hsien Loong in his National Day Rally speech in 2007, when he also announced changes to the Minimum Sum Draw-Down Age. “Normally, you think of dying as a risk, but here, living is a risk; financially, it is.”<sup>39</sup>

It was against this backdrop that the idea of a national annuity scheme was surfaced. “We know that half of us will outlive our Minimum Sum after drawing it down for 20 years,” said then-Minister for Manpower Dr Ng Eng Hen in 2007. “The problem is that we do not know which half.” He noted that another potential solution was to extend the Minimum Sum (draw down) period, except that would necessarily come with lower monthly payouts. “Longevity insurance is a better solution,” he added. “It will guarantee you a monthly income for life.”<sup>40</sup>

In 2007, the National Longevity Insurance Committee was convened to look into the matter. The Committee’s recommendations were eventually accepted by the Government, which announced in 2008 that Singapore would introduce a national annuity scheme, named CPF Lifelong Income For the Elderly (CPF LIFE). CPF LIFE, which was designed to provide lifelong monthly payouts to CPF members during their retirement years, was set to serve as the default scheme instead of the CPF Minimum Sum Scheme by 2013. Notably, CPF LIFE was

open to all CPF members – regardless of whether they had met their Minimum Sum.

“It was the missing piece of the CPF system,” said former MOM Permanent Secretary Mr Aubeck Kam in an interview for this book.<sup>41</sup> A key consideration for CPF LIFE was maintaining flexibility so that the scheme could be tailored to individual needs. Initially, it featured four plans, which differed in terms of how much CPF members would receive in terms of monthly payouts, as well as how much they would leave behind for their loved ones. After receiving feedback that members preferred a more straightforward set of options, MOM decided to simplify the plans by refining them into two options: the Standard Plan, which combined the best features of the two most popular plans, and the Basic Plan, which remained unchanged.<sup>42</sup>

But concerns remained about how CPF LIFE could support members given rising costs of living. In 2016, a CPF Advisory Panel recommended a third plan – the CPF LIFE Escalating Plan. This would provide progressively larger payouts to CPF members to help them preserve their purchasing power. There was also an alternative idea to have a plan with payouts pegged to inflation. However, this was not adopted due to the Panel’s concern that CPF members would have less certainty given that future payouts would fluctuate yearly.<sup>43</sup> The Escalating Plan was eventually rolled out in 2018, joining a slate of options which *The Business Times* referred to in a 2024 article as “the best annuity in the market”.<sup>44</sup>

### Looking Ahead: Silver Linings

The challenges of an ageing population are real, and yet, there are positive signs that more employers and workers are seeing age as a boon. A survey conducted by The Economist Intelligence Unit in 2018 found that business leaders in Singapore are hoping that younger workers learn from the professionalism and expertise of their senior colleagues, and believe in their creativity and ability to master new technologies.<sup>45</sup> More firms are also beginning to recognise that retaining senior workers means retaining their experience, and could help beat the talent crunch by better utilising local manpower resources.

How could legislation keep up? When the Tripartite Workgroup on Older Workers was convened in 2019 to consider next moves for retirement and re-employment legislation, one major consideration was whether to raise the minimum retirement age alongside the re-employment age. “Keep in mind that because we had transitioned to raising the re-employment age in 2012, the assumption at the time was that we would not touch the minimum retirement age,” said Mrs Josephine Teo in an interview for this book.<sup>46</sup> There was also the concern that employers would attempt to circumvent legislation by letting workers go even before they reached the minimum retirement age.

But the Government eventually took the decision in 2019 to progressively raise the retirement and re-employment ages to 65 and 70 respectively by 2030. “It was a recognition that over the years, senior participation in the workforce had risen steadily and positively,” said

Mrs Josephine Teo, adding that both employers and workers had come around to realising the fruitfulness of senior workers’ contributions. More employers were also recognising the value that senior workers brought to their company, and re-employing them beyond the minimum retirement age. In fact, between 2022 and 2023, some 98 per cent of professionals, managers, executives, and technicians (PMETs) were offered re-employment – an overwhelming majority.<sup>47</sup>

The timeline for implementing the new minimum retirement and re-employment ages was a point of contention among the tripartite partners, revealed former SNEF President Dr Robert Yap in an interview for this book.<sup>48</sup> “It is a transition that will take time for businesses, and many were not fully prepared for a higher retirement and re-employment age. If their workforce happens to comprise 20 to 30 per cent senior workers, it is a big problem for them to (implement the higher ages) in a short amount of time.”

From SNEF’s perspective, it was better to implement the revised legislation later to give businesses time to adapt. “Timing is crucial. We know the proportion of senior workers in the workforce will increase over time,” said Dr Robert Yap. “If we support businesses more as they approach the later stages of this transition, it could ease the burden. That’s why, from SNEF’s perspective, we felt it made sense to take a ‘later is better’ approach.”

He added that the Government was in favour of an earlier schedule for implementation, one that would prepare businesses and workers for the future. “There was this contention between ‘earlier’ and ‘later’,

he said. “In the end, we managed to reach a satisfactory compromise.” This would be the timeline for the progressive raising of the retirement and re-employment age by 2030.

At the same time, more Singaporeans are achieving retirement adequacy. In 2022, almost seven in ten active CPF members aged 55 years old set aside their Basic Retirement Sum (BRS), compared to about 66 per cent in 2020.<sup>49</sup> Funds under the BRS will provide members with monthly payouts to cover basic living expenses. Retirement adequacy was also a key consideration under Forward SG, a nationwide engagement exercise launched in 2022 to refresh Singapore’s social compact. The Forward SG report outlined schemes, both new and existing, that the Government has launched to support “Young Seniors”, referring to those in their fifties and sixties, and seniors.<sup>50</sup> Such schemes include the Silver Support Scheme, a significant plank in the Government’s retirement support for citizens.

Introduced in 2016, the Silver Support Scheme targets the bottom 20 per cent of Singaporeans aged 65 and above, with some support also extended to the next 10 per cent of seniors.<sup>51</sup> The scheme helps to support senior lower-wage workers and homemakers who do not have enough saved for retirement because they earned low wages during their prime working years or became the primary caregivers of their households, engaging in unpaid domestic work. Under the scheme, eligible seniors receive a quarterly cash supplement, which was raised in 2025. Close to 290,000 Singaporeans are expected to benefit from the enhanced payouts,<sup>52</sup> up from the 152,000 seniors who benefitted from the scheme in 2017.<sup>53</sup>

In 2024, the Government also introduced the Majulah Package for Young Seniors. The package aims to help less well-off Singaporeans born in 1973 or earlier cope with increasing financial stressors, such as the need to care for ageing parents as well as their children.<sup>54</sup>

“We cannot stop ageing,” the Forward SG report acknowledged. “But the way we grow old – the state of our health and the quality of life in our senior years – is something that we, as a society, can positively impact together.”



Era 3

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## **Developing A Skilled Capital**

## Chapter 5

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# Blueprint for a Future-Ready Singapore

Singapore entered the 1990s with optimism. The economic reforms following the 1985 recession had taken effect, launching the economy into another period of growth. The leadership transition in the country was also in full swing. In 1990, Singapore's founding Prime Minister, Mr Lee Kuan Yew, handed over the reins to Mr Goh Chok Tong in a seamless process that assured investors of political stability in the country. The new Prime Minister wanted to elevate the standards of living in Singapore, as the Government sought to build a kinder, gentler society.<sup>1</sup>

Externally, Singapore was poised to benefit from a fast-expanding global economy as the Cold War drew to a close. With the United States advancing its agenda of free trade, the world was beating a clear path to globalisation. Singapore, with its export-oriented economy, rode this wave of economic optimism as it began developing multiple Free Trade Agreements with many of its key trading partners, including ASEAN and the US, later established in the early 2000s.<sup>2</sup>

The global economy was evolving, transformed by globalisation and the rapid advancement of computerisation, the Internet, and the mechanisation and automation of work. To power Singapore's economy into the 21st century, MOM had to develop the country's labour force and prepare it for the changes and challenges in the new millennium.

### **From MOL to MOM**

This new task fell to the MOL, on top of its existing responsibilities, which included overseeing the labour market, foreign manpower, and health and safety issues, among many others. Several ministries and Government agencies had previously worked on different aspects of manpower planning, development, and management. For example, EDB was responsible for anticipating the manpower needs of new investments; the Productivity and Standards Board was tasked with skills and productivity upgrading; and the International Manpower Programme under EDB and the Foreign Talent Unit under the Prime Minister's Office were responsible for talent attraction.

The Government decided to consolidate all these functions under MOL. To reflect the evolution, MOL changed its name to the Ministry of Manpower (MOM) on April 1, 1998.<sup>3</sup>

Building on the foundations of its predecessor, MOM expanded its role to take on the strategic mission of developing Singapore's national manpower strategy. "As a central agency, the new Ministry will be in a better position to coordinate all critical manpower planning and management issues," it explained in a press release.<sup>4</sup> "Manpower is Singapore's only resource. It is also a major limiting factor in our growth and could become an impediment to new investments and business expansion. We must therefore fully develop our manpower resources so as to hone our competitive edge and remain relevant in an increasingly competitive global environment. Hence, Singapore needs to develop constantly

new capabilities and competencies," noted the press release.<sup>5</sup>

One critical area that the Government zoomed in on was the development of a globally competitive and skilled workforce. This required a comprehensive strategy on manpower. "By adopting an integrated approach, we intend to develop a world-class workforce with capabilities and skills to succeed in the globalised knowledge economy," added the press release.<sup>6</sup>

"The thinking then was that if people are your greatest resource and the critical factor in the new economy, then it made more sense for the Ministry to be more holistic," said Mr Moses Lee, then-Permanent Secretary of MOL till 1997, in an interview for this book. "That was the reason behind bringing all the different aspects of manpower policy, planning, development, and training under one roof."<sup>7</sup>

Looking back, Dr Lee Boon Yang, who was Minister for Labour and then Minister for Manpower between 1993 and 2003, explained that something had to be done to transform Singapore's economy to keep up with global shifts.<sup>8</sup> "MOM was established to take on this role and reposition Singapore to compete and stay relevant," he said, in an interview for this book.<sup>9</sup>

For Mr Ong Yen Her, former MOM Divisional Director, Labour Relations and Workplaces Division, the evolution was a key milestone in the Ministry's history, marking a clear shift in its role. "MOL was mainly a regulatory agency then. But as we considered the name change, the dilemma was whether MOL was to be an economic or social ministry. We eventually decided that it should be an economic ministry with a social dimension," he added.<sup>10</sup>

MOM would continue to manage Singapore's workforce in all its social aspects, from workplace disputes to health and safety regulations. But it would now also take a more strategic approach in developing the country's workforce, ensuring

that the labour market functioned smoothly with a balance between economic and social objectives.

The Ministry's new name was well-received, with newspapers making light-hearted comments about the maternal implications of the acronym.<sup>11</sup> Other name suggestions included the Ministry of Human Resources, which was common in other countries like Malaysia and Indonesia, but was rejected as a way of differentiating Singapore's ministry and its unique role from that of its regional counterparts.<sup>12</sup>

“It was not common to have a ministry to champion manpower development at the time as it was not a big focus in our region,” said Dr Lee Boon Yang. “But Singapore felt the effect of manpower issues much more because of our small workforce, so we decided to lead the way.”<sup>13</sup>

### **Mapping Out the Future of Manpower**

Soon after the name change, MOM embarked on a major exercise to chart the trajectory of the country's manpower for the future. Called the Manpower 21 Plan, MOM worked with its tripartite partners to develop a comprehensive blueprint that would elevate and develop Singapore's labour force.<sup>14</sup> A higher-skilled, globally competitive workforce would help businesses grow in the knowledge-based economy, and ultimately benefit Singaporeans through better jobs and workplaces.

Dr Tan Chin Nam, who was then the Permanent Secretary for MOM, was named chairman of the Manpower 21 Steering Committee, which was formed on June 4, 1998. It set up four subcommittees to study critical areas of manpower planning and development such as skills training and attracting foreign talent. The four committees, comprising 150 representatives, were:

#### **1. Manpower Development Committee**

Tasked with formulating a national system of lifelong learning to maximise the potential of every Singaporean and develop a globally competitive workforce, it was chaired by Mr Lin Cheng Ton, then-CEO and Principal of Nanyang Polytechnic.

#### **2. Manpower Unlimited Committee**

The group, headed by Mr Cheah Kean Huat, then-Managing Director of Hewlett Packard, identified ways to tap global intellectual capital and manpower resources, augmenting Singapore's capabilities and economic competitiveness.

#### **3. Manpower Industry Committee**

The committee's role was to view manpower as an industry and propose strategies to upgrade it. The manpower industry would include training infrastructure and providers, employment companies, and human resource firms. The committee was chaired by Mr Allan Pathmarajah, then-Executive Chairman of AJP Pte Ltd, a local telco company.

#### **4. Workplace Environment Committee**

Helmed by Mr Tan Kin Lian, then-CEO of NTUC Income, the committee sought to define the workplace of the future and determine how Singapore could best support the workplace environment to develop a globally competitive workforce.

“The tripartite partners said that this vision (for MOM) has to be in relation to how the world is changing and how Singapore would want to position itself to be able to make its contribution,” said Dr Tan Chin Nam, in an interview for this book.<sup>15</sup>

At the launch of the Manpower 21 committees, Dr Lee Boon Yang said that a key focus of transformation was to prepare workers for the knowledge-based economy through constant upgrading and training, or in other words, lifelong learning. It was first mooted as an ideal for young Singaporeans by then-Prime Minister Mr Goh Chok Tong when he launched the “Thinking Schools, Learning Nation” (TSLN) vision in 1997. TSLN led to a curriculum review for schools across the primary to junior college levels, and the development of a more holistic education system which went beyond academic enrichment.<sup>16</sup>

The Manpower 21 Plan was to expand this vision beyond pre-employment education to include Singapore’s workforce. In his speech, Dr Lee Boon Yang noted that pre-employment education was important in developing Singapore’s workforce, but it would not be enough. “We need to create an equivalent in-employment education and training framework to continually enhance the knowledge and skills of our workers,” he said. The aim was to ensure the “lifelong employability” of the workforce, where workers would be able to “add value to every job that they do, and in every organisation that they work”. This meant that every worker had the potential to be developed, or as MOM put it in their philosophy: Every Singaporean is a talent.

“We will develop a long-term manpower architecture which allows all workers, from production workers to professionals, blue-collar workers to senior executives, to learn skills and enable all our partners in the industry to play key roles in making Singapore a talent capital,” said Dr Lee Boon Yang.<sup>17</sup>

With this vision in mind, the Manpower 21 committees began their work. Creating a strategy that would benefit every Singaporean meant working in collaboration with tripartite partners, and holding dialogue sessions with grassroots representatives and industry players like Keppel and Singapore Airlines. “There was no way MOM could map out a plan for the future on its own. We knew early on that we needed partnerships with unions and employers

from different sectors to tap their experience, concerns, and ideas and get a clearer picture,” Dr Lee Boon Yang noted.<sup>18</sup> Besides drawing on expertise within Singapore, the committees also sought views from abroad. They conducted study missions to Denmark, Hong Kong, Sweden, the United Kingdom, and the US, which were ahead in manpower development at the time. Committee members also met with foreign government officials, manpower development organisations, and prominent academics who studied labour markets in various countries to gain insights and learn from best practices.

A Manpower 21 International Advisory Programme was organised on February 8-9, 1999, for committee members and experts to meet. The two-day conference gave the four subcommittees a chance to review and critique their respective recommendations and share their knowledge through brainstorming discussions. In addition, the Steering Committee invited Dr Charles Handy, formerly with London Business School, and Dr Rosabeth Moss Kanter, from Harvard Business School, to share insights and thoughts on the report.

Nearly a year later, the Manpower 21 Steering Committee submitted its final recommendations to Dr Lee Boon Yang on August 4, 1999. Two days later, he accepted the recommendations and the plan was officially unveiled on August 31, 1999, by then-Deputy Prime Minister Mr Lee Hsien Loong.

### **Six Strategies, One Vision**

Titled *Vision of a Talent Capital*, the Manpower 21 Plan sketched out a vision of the new economy, which it said would be built on a new foundation forged by knowledge, talent, industry, and wealth. Indeed, knowledge was going to be the key driving force of the 21st-century economy, with human and intellectual capital, rather than fixed assets, making up the real value of countries and companies.

The plan underscored the importance of this new knowledge economy, emphasising that the workforce would be crucial in driving national productivity. It cited globalisation and information technology as primary catalysts for this restructuring of the global economy. As the generation, utilisation, and dissemination of knowledge became critical to wealth creation and sustained economic growth, Singapore had to position itself to excel in this evolving landscape. This meant equipping the workforce with the necessary skills to adapt to shifting industry needs. At the same time, the report added that Singapore needed to foster new workers' skills to innovate and generate new products, markets, and wealth for the nation.<sup>19</sup>

Speaking in Parliament on October 12, 1999, during a debate on the President's Address, Dr Lee Boon Yang said: "As we move towards a knowledge-based economy, the jobs are likely to be transformed into knowledge-intensive jobs. What this means is that while industries will need fewer people, these workers will be of much higher calibre, higher skilled, able to perform more valuable jobs, and earn higher wages. Singaporeans must begin to prepare for these changes now."<sup>20</sup>

The Manpower 21 committee pointed out that Singapore had some way to go in building up its workforce with the right skills, quality, and mindset to support the demands of the new economy. It sat above Taiwan, Korea, and Malaysia in terms of productivity, but below Norway, Switzerland, the US, Japan, and Hong Kong. The Manpower 21 report showed that in 1998, 34 per cent of Singapore's workforce was skilled, 28 per cent was semi-skilled and 38 per cent unskilled.<sup>21</sup> One of the goals of the Manpower 21 committee was to raise the proportion of skilled workers in Singapore to 65 per cent, with 20 per cent semi-skilled and 15 per cent unskilled, within the next 10 to 15 years.<sup>22</sup>

Besides raising skills and productivity, Singapore had to ensure that its training systems and work environments promoted continual learning and flexibility,

responded quickly to changing needs, encouraged workforce participation, and enabled the efficient deployment of resources. At the time, the country ranked poorly against more developed countries when it came to flexible work arrangements (FWAs), a reflection of Singapore's less developed human resource infrastructure. Only 3.1 per cent of its workforce had part-time work arrangements, while 1.5 per cent had temporary work arrangements and less than 1 per cent had flexi-time arrangements. This contrasted with Japan's figures of 23 per cent, 11 per cent, and 8.7 per cent respectively. Making FWAs more commonplace would help Singapore better utilise its small workforce and increase participation rates.<sup>23</sup>

In its executive summary, the Manpower 21 Plan stated: "There is an urgent need to formulate a manpower strategy to transform our skills and practices proactively to support our economic aspirations."<sup>24</sup> This would comprise six key strategies:

### 1) **Manpower planning**

The committee recommended setting up a National Manpower Council (NMC) to oversee national manpower strategies and targets. The council, which was set up in 2000, would facilitate discussions on talent development and deployment. Looking back on NMC's role, Dr Tan Chin Nam said, "The process of sharing and co-creating the vision with the unions and employers gave them time to adjust and co-evolve together for a better tomorrow."<sup>25</sup> An enhanced Manpower Information System was also mooted to provide relevant and timely labour information for all players in the labour market to respond quickly and effectively to market shifts.<sup>26</sup>

### 2) **Lifelong learning**

In response to a rapidly changing global economy where skills can become irrelevant more quickly, the committee suggested the concept of lifelong learning, and the development of a framework that would encourage

in-employment training and education for workers. Branded the School of Lifelong Learning, the framework included a National Skills Recognition System – which would help define skill competencies and certify learning achievements – on which today’s SkillsFuture programme was built.<sup>27</sup> The framework called for a “1-Institute 2-Systems” approach for public training providers to support both pre-employment training for fresh graduates and continuing education and training for existing workers.

An enhanced Skills Development Fund and tax incentives for employers and individuals to engage in lifelong learning would further bolster efforts to train the workforce. Employees would be supported by a network of one-stop career centres, where information and counselling on training and career planning would be available. Lastly, a promotional programme, anchored by an annual Singapore Learning Festival, would help raise awareness about the benefits and urgency of lifelong learning.

One result of the committee’s recommendations was the Lifelong Learning Endowment Fund Act, passed in 2001, where an initial sum of S\$500 million was set aside to support national skills training programmes. Speaking in Parliament at the reading of the Bill, Dr Lee Boon Yang said, “It (the fund) will finance efforts to encourage Singaporeans to engage in lifelong learning, and provide assistance and opportunities for them to do so. This will help Singaporeans to meet the needs of a knowledge-based economy and cope with the threat of structural unemployment.”<sup>28</sup>

### 3) Augmenting the talent pool

In a bid to leverage foreign talent and networks to overcome the country’s limited size and resources, the committee emphasised the need to augment the manpower pool at the higher end and reduce the economy’s dependence on low-skilled workers.

To attract high-end global talent, it recommended developing a strategic marketing plan that captured the new spirit of Singapore, while expanding the operations of Contact Singapore, an agency established by MOM and EDB to attract foreign talent and overseas Singaporeans. An international talent recruitment website, programmes to enable new hires to work in overseas operations of Singapore companies, and a wide network of “Friends of Singapore” would also help extend the country’s reach.

On the other end of the skill spectrum, the committee recommended reviewing the allocation and deployment of low-skilled foreign workers among sectors, while establishing an efficient and effective foreign manpower management system to minimise the social costs to society.<sup>29</sup>

### 4) Transforming the work environment

As Singapore transitioned to a knowledge economy, the nature of work, workplaces, and workplace practices had to be aligned with new demands. The committee proposed adjusting work environments and arrangements to improve labour productivity and effectiveness, enhance business competitiveness, increase workforce participation rates, and allow the workforce to enjoy a better quality of life.

FWAs and job redesign were recommended to help workers keep pace with the nature of knowledge-based work and boost participation rates of women and older persons. Firms were also encouraged to adopt best practices in human resource management and development, as well as implement the Occupational Safety and Health Act, which was later replaced by the Workplace Safety and Health Act in 2006. Finally, the committee called for the professionalism, productivity, and job dignity of key domestic-based industries, such as the cleaning and security sectors, to be improved.<sup>30</sup>

## 5) Developing a vibrant manpower industry

While the manpower industry – comprising learning providers, manpower management services, and manpower recruitment and deployment services – was largely undeveloped previously, it would play a pivotal role in realising the vision of Singapore as a Talent Capital.

For example, to set up the School of Lifelong Learning, infrastructure for private training providers and curriculum developers was needed. Manpower management companies would be required to guide employers to adopt world-class human resource practices, and recruitment and deployment companies could contribute to an efficient and responsive labour market. In addition, the manpower industry would be a high-growth, knowledge-based service industry and contribute directly to Singapore's positioning as a knowledge economy.<sup>31</sup>

## 6) Redefining partnerships

To make Manpower 21 a reality, the committee saw the need for MOM to work with stakeholders. These partnerships had to occur at several levels: at the national level among unions, employers, and the Government to build on the country's strong tripartite foundation; at the industry level via the National Skills Council (NSC) and other industry councils to link industry players and policymakers; and among Government agencies for timely initiation and effective implementation of programmes.

MOM, as the championing agency for manpower, was to drive and coordinate the relevant initiatives. To support its role, the committee recommended that a dedicated Manpower Development Assistance Scheme be set up to help drive capability development and industry initiatives under Manpower 21.<sup>32</sup>

Through these six strategies, MOM sought to upgrade Singapore's workforce, aiming for a skilled and productive talent pool that would power the nation in the new millennium and place it among the world's leading economies.

During a parliamentary debate on the President's Address on October 12, 1999, Dr Lee Boon Yang called for cooperation to realise the Manpower 21 Plan. "The Manpower 21 strategy and programmes represent a blueprint or a road map. Workers, employers and the Government must travel along this road hand-in-hand so that we can arrive together at our common destination," he said. "The road is not straight nor smooth. It is winding, runs uphill with many obstacles along the way. We must help each other to navigate the climb and overcome the hazards on the way."<sup>33</sup>

Singapore's subsequent manpower policies reveal the positive impact the Manpower 21 Plan has had. Talent became a key focus, with the Government pushing for training and reskilling programmes, including setting up the Workforce Development Agency (WDA) in 2003 to oversee continuing education and training. The WDA has since been reconstituted into two agencies – Workforce Singapore (WSG) and SkillsFuture Singapore (SSG). While WSG drives efforts to address industry manpower needs and helps Singaporeans assume quality jobs and careers, SSG drives the SkillsFuture programme and promotes a culture of lifelong learning. This industry-wide promotion of lifelong learning was made possible by the robust tripartite partnerships that sprang from the Manpower 21 Plan, such as NMC and NSC. Singapore also broadened its pursuit of skilled foreign talent through schemes like the EntrePass in 2003, which encouraged foreign entrepreneurs to set up shop here.

The plan has turned out to be a blueprint for success. According to business school INSEAD's annual Global Talent Competitiveness Index in 2023,



Singapore's workforce now ranks among the world's most skilled, coming in second after only Switzerland.<sup>34</sup>

Reflecting on the Manpower 21 Plan's position on transforming the work environment, Dr Lee Boon Yang said: "It was almost prescient, talking about things that only today are being rolled out into full scale practice...The phrase they used then was 'virtual working', and lo and behold, it talked about working from home. This was 1998, and we were encouraging employers to develop systems for employees to work from home. It is quite amazing."<sup>35</sup>

For Dr Tan Chin Nam, the plan's forward-looking approach remains key to Singapore's success: "Why is Manpower 21 still relevant today? Because we need to continuously reengineer and reimagine the future to make Singapore relevant and competitive, because the world is changing."<sup>36</sup>

## Chapter 6

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# Developing a Globally Competitive Workforce

**P**alm-fringed beaches and public housing flats alongside medical laboratories are not the images typically associated with Singapore today. However, for many prospective workers and students in 1998, such visuals – featured prominently on Contact Singapore's website – constituted their initial digital impression of the city-state.

Established in 1992 with the primary aim of maintaining connections with overseas Singaporeans, Contact Singapore was repurposed to enhance the country's global profile. Beyond organising seminars and fairs overseas, the organisation created an online presence to project Singapore's image internationally.

Though that website might appear dated by today's standards, it represented Singapore's ambition to harness the potential of the Internet and attract top global talent. As globalisation gained momentum in the 1990s, enhancing Singapore's workforce competitiveness became a central focus for the Government, which had to prepare the nation for the new millennium with an emphasis on drawing international expertise.

### **Augmenting the Workforce with Foreign Manpower**

Singapore has long depended on foreign workers to augment its limited local workforce. The composition of Singapore's foreign workforce is diverse, drawn from a wide range of countries across multiple skill levels and industries. They are broadly categorised into four key groups: high-skilled professionals who enter Singapore under the Employment Pass (EP); mid-level associate professionals and technicians who qualify through the S Pass; Work Permit holders who are generally blue collar workers; and migrant domestic workers who are employed by households to help out with domestic chores.

As of June 2024, there were 1.545 million foreign workers in Singapore, comprising 202,400 EP holders, 176,400 S Pass holders, 1.138 million Work Permit holders (migrant workers), and 28,200 holders of other work passes.<sup>1</sup> A large proportion of migrant workers, about 70 per cent, consist those who take up jobs in industries that local workers typically avoid. These are sectors such as construction, marine shipyard, and process.

Having a foreign workforce allows Singapore to scale up during periods of rapid economic growth while providing a cushion during downturns. As Mr Lee Hsien Loong, then-Minister of State for Trade and Industry, explained in Parliament in 1987: "I should explain that we bring in migrant workers not to swell our labour force but to provide ourselves some flexibility to expand and contract. Our labour force, as I said, is expanding at about 1 per cent a year. Why? Because 18 years ago, too few babies were born. Can we fix it? Yes, but it will take 18 years. Migrant workers cannot solve that problem. Migrant workers can help to buffer rapid expansions and rapid contractions, so that all of the tightness is not taken up either in a wage explosion during a boom year, or in high Singapore worker unemployment during a recession year."<sup>2</sup>

### **Building a Talent Capital – Repositioning the EP**

Policymakers were well aware that sustaining economic growth required more than just labour inputs – quality, more than quantity, would be key to unlocking even greater economic gains. On this front, Singapore faced two looming workforce challenges.

The first was managing the transition to a knowledge-based economy by getting the right workers. The decade was one in which information communications technology such as computers, mobile phones, and the Internet grew in scale and importance. In Singapore, industries such as precision engineering and semiconductor chips, pharmaceuticals, and chemicals were quickly rising as the next pillars of growth in manufacturing. These industries needed talent with specific skills that previous generations of workers did not have. Foreign talent also served to help build capabilities within the economy, through a process of knowledge transfer from global to local (see Chapter 5).

The second challenge that started to worry policymakers was the declining birth rate. As the economy developed, Singaporeans began delaying marriage and having fewer children. The resident total fertility rate fell from 1.82 in 1980 to 1.75 in 1989.<sup>3</sup> If left unchecked, lower birth rates, over the long run, would result in smaller cohorts of workers that could reduce Singapore's economic dynamism.

The concerns were grave enough to warrant a shift in national immigration policy. Said then-Minister for Home Affairs Professor S. Jayakumar in 1989: "Singapore's immigration policy aims to correct the population decline and to keep our nation young, vigorous, and talented. Singapore is competing with developed countries for skilled workers, technicians, and professionals. To grow, our economy requires more such people than we can produce ourselves.

Shortage of talent means fewer foreign investors establishing businesses here, slower growth and fewer opportunities for Singaporeans.”<sup>4</sup>

Later that year, a new Immigration Affairs Committee was set up to oversee Singapore’s immigration policies. Chaired by then-Minister of State for Finance and Foreign Affairs Mr George Yeo, the committee’s task was to search and secure talent from all over the world to bolster Singapore’s future.<sup>5</sup>

In 1991, the Government released a long-term plan called the Strategic Economic Plan to map the pathway for the country to become a developed economy. The report, which outlined the need for Singapore’s economy to grow an external wing, emphasised the importance of people and talent. To grow the country’s talent pool, the Government would reach out to overseas talent through Singapore’s overseas network.<sup>6</sup>

The task of attracting foreign talent was initially led by a group of different agencies, including MHA, MTI, and EDB, which established its International Manpower Division in 1991.<sup>7</sup> The division aimed to boost the quality of the workforce in various sectors from precision engineering to biomedical sciences, communications, and electronics by drawing on overseas talent.<sup>8</sup>

The issue was so critical to the progress of the nation that then-Prime Minister Mr Goh Chok Tong made it a key subject in his National Day Rally speech in 1997. Singapore needed talent from across the globe, which would continue to help grow its economy and generate good jobs for Singaporeans. While he acknowledged the growing disquiet over the numbers of foreigners here, whether transient workers or new immigrants, he noted that they brought multiple benefits to the nation.<sup>9</sup> “The foreigners here do not take away opportunities from Singaporeans. On the contrary, the infusion of fresh ideas, skills, and drive will create more opportunities for Singaporeans.”<sup>10</sup>

In 1998, MOM assumed the role of formulating a comprehensive strategy for manpower planning in Singapore, including the optimal utilisation and attraction of foreign manpower resources to complement the local workforce.<sup>11</sup> The EP – previously administered by Singapore Immigration & Registration with an emphasis on assimilability – was repositioned as a temporary work pass to bring in foreign professionals in 1998. MOM also established the Foreign Manpower Employment Division in April 1998 to aid employers in meeting their foreign manpower needs and managing the foreign workforce in Singapore. By the end of 1998, the majority of matters related to foreign manpower and talent were consolidated under MOM, facilitating better coordination of foreign workforce policies.

### **Introducing the S Pass in 2004**

The 2003 SARS crisis (see Chapter 7) was particularly harsh for Singapore and Singaporeans because of the impact it had on employment. The disruptions to general economic activity led to the resident unemployment rate surging to as high as 6.2 per cent, seasonally adjusted, in September 2003.<sup>12</sup>

For the Government, the best way to protect workers and create jobs was a healthy and humming economy. In the 2004 Budget Statement, Mr Lee Hsien Loong, as Minister for Finance, announced that the Government would embark on economic restructuring to build an economy that was “globalised, diversified, and entrepreneurial”.<sup>13</sup> He outlined moves in four areas: growing manufacturing and services, encouraging entrepreneurship, enhancing competition, and labour market reforms.

A series of manpower policies were announced, including adjustments to the CPF, enhancing wage flexibility, advancing training and skills upgrading, and refining policies on foreign manpower to enable companies to scale and the economy to accelerate its expansion.

Dr Ng Eng Hen, who was Minister for Manpower from 2004 to 2008, said that labour policy was crucial in this regard. As the economy recovered from SARS, jobs were being created but not being filled. “Every recession, we ask ourselves what the shape of the recession is. Is this a V shape, an L shape or a U shape? And every time you enter one, you know, you want to be careful and you tell people, ‘Please don’t expect a V-shaped recession.’ Now, 2003 was exactly like a V-shaped recession. It jumped and after that, the economy roars,” he said in an interview for this book.

The plan was to ease up on labour shortages, and allow the economy to recover quickly, so that by extension, Singaporeans would also enjoy the surge in jobs being created. As Mr Lee Hsien Loong said: “Many companies have told us that the rules are too rigid. For example, they often cannot seize new business opportunities which require more workers, because they cannot find Singaporean workers and yet cannot employ more migrant workers because they have reached the dependency ceiling. By allowing a controlled inflow of migrant workers, we indirectly create more jobs for Singaporeans. Migrant workers sustain many sectors of our economy. Without them, many activities would not be viable in Singapore – our factories would be short of workers, we would have no wafer fabrication plants, our financial services sector would not have enough skilled professionals, and virtually every sector would run short of IT personnel.”<sup>14</sup>

As Dr Ng Eng Hen noted during the 2004 Budget debate: “They (migrant workers) have helped our economy to grow, as they do jobs that Singaporeans do not want to do. And access to this transient pool of migrant workers allows companies to scale up and down quickly.”<sup>15</sup> Describing local and migrant workers in Singapore as an “indivisible package”, he said giving companies access to a pool of transient workers was a pillar of economic growth.

To bridge the gap for skilled workers, MOM introduced a new work pass called the S Pass in 2004. The new work pass was an ‘intermediate’ level work pass that allowed skilled associate professionals and technicians such as chefs, shipyard supervisors, and nurses to work in Singapore. The S Pass was a modified version of an earlier scheme, which had allowed skilled workers into Singapore on a case-by-case basis. But given the rapidly changing nature of business, having such an approach was onerous and slow-moving, said Dr Ng Eng Hen.

The S Pass was meant to function at a macro level, allowing for broad control of the inflow of such workers without the Government having to be involved at the micro-decision level. More importantly, it was developed to help companies struggling to find talent at the middle tiers of the workforce. “It is better for us to create a systemic solution like the S Pass, with some checks in place, and let companies bring in the type of talents they need,” said Dr Ng Eng Hen in 2004.<sup>16</sup>

The Government put in place four safeguards to control the flow of S Pass holders: a minimum salary requirement (at least S\$1,800); relevant qualifications; a quota (fixed at 5 per cent of total workforce per company); and an initial monthly levy of S\$50 per S Pass holder.<sup>17</sup>

The new policies allowed Singapore to capture growth in the mid-2000s. Employment growth hit record levels. Total employment increased by 700,000 between 2004 and 2008, pushing employment levels of Singaporeans to new highs.<sup>18</sup> Of the increase, over 300,000 went to local workers, while the rest went to foreigners. Locals also enjoyed healthy income growth, as median income grew close to 4 per cent per annum from 2003 to 2008.<sup>19</sup> The annual average resident unemployment fell from 5.3 per cent in 2003 to 3.3 per cent in 2008.<sup>20</sup>

### Calibrating our Dependence on Work Permit Holders

The Government first introduced Work Permits for unskilled foreign labour in the 1960s, with the majority coming from Malaysia. By the 1970s, as Singapore reached full employment, the tightening labour market prompted the Government to allow industries facing manpower shortages to recruit from countries such as Thailand, Bangladesh, Sri Lanka, and India.<sup>21</sup>

While the migrant workforce has provided flexibility to the economy, an excessive influx of migrant workers raises potential social, economic, and political risks.<sup>22</sup> These risks include challenges to social cohesion and a potential decline in productivity. To manage the inflow, MOL introduced a levy system in 1982,<sup>23</sup> aimed at raising the cost of foreign labour and encouraging local enterprises to turn to automation to address manpower shortages. The Ministry also announced plans to phase out migrant workers and establish a fully Singaporean workforce by 1992.<sup>24</sup>

But the 1985 recession and subsequent economic recovery altered the trajectory of this policy approach. Among other things, the Government recognised that it would not be possible to do without any foreigners in Singapore's workforce, given the demand for manpower as well as the need for skills that the local workforce did not have.

Likewise, while it was necessary to reduce over-dependence on migrant workers, the 1985 Economic Committee, which was formed to study Singapore's recession, acknowledged that allowing firms access to a revolving pool of migrant workers was necessary. "However, to be realistic, our industries will require foreign workers to overcome temporary shortages, and to work in jobs where it has proven difficult to employ Singaporeans. We should therefore continue to allow a revolving pool of foreign workers on short-term work permits," noted the Committee.<sup>25</sup>

The economic recovery after the 1985 recession underscored the Committee's key points on foreign labour. As demand picked up, growth accelerated and the labour market tightened. The unemployment rate fell sharply from 6.5 per cent in June 1986 to 4.7 per cent in June 1987,<sup>26</sup> and labour shortages started to appear across multiple industries, especially in manufacturing. To ease the labour crunch, the Government allowed five sectors – manufacturing, construction, shipbuilding and ship repair, hotel, and domestic services – to bring in migrant workers.<sup>27</sup> Together with the levy system in place, firms were able to quickly meet the need for more manpower by tapping on pools of migrant workers.

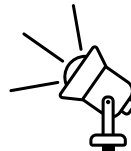
The presence of migrant workers in the economy, alongside the favourable external environment, helped speed up growth and launch Singapore firmly into the 1990s, said Dr Lee Boon Yang, who was Minister for Labour and then Minister for Manpower between 1993 and 2003. "After that (the 1985 recession), the next decade for Singapore, from 1986 to 1996 or so, was a fantastic decade. We rode the globalisation trend – there was a lot of foreign investment and lots of jobs were created," said Dr Lee Boon Yang, in an interview for this book.<sup>28</sup>

"What we were doing cannot be done just with the domestic workforce. It was critical for us to have access to a foreign workforce to complement our domestic workforce. This would then allow us to achieve a lot more than what we are able to do just by ourselves," he added.

*Spotlight chapters highlight key topics that span multiple eras, and how MOM took unique approaches to address them.*

This spotlight looks at key milestones in the Ministry's journey to better serve its customers and digitalise its services.

## Service From the 'HEART'



In 2023, the number of customer interactions MOM handled was over 50 million across its physical touchpoints, website, contact centre and e-services. These services cater to a diverse profile of customers including multinationals and small to medium-sized enterprises, employment agencies and intermediaries, households that employ migrant domestic workers, and local and foreign employees.

With so many interactions with people and organisations, MOM takes customer service seriously. This spotlight will delve into MOM's evolving approach in serving its customers through building a robust service culture and improving service capabilities.

### Centralising Service Delivery

As Singapore's workforce regulator, MOM has long been assisting with employment disputes and work injury claims, administering work

passes, and other regulatory frameworks.

The push towards building a stronger service culture in MOM was driven by a concerted move across the public service toward a similar goal, prompted by the Public Service for the 21st Century (PS21) movement which was first launched in 1995. PS21 called for a paradigm shift among public officers, from anticipating novel demands to finding innovative solutions to new challenges, as well as a greater focus on customer service.<sup>1</sup>

In 2003, MOM set up a dedicated Customer Responsiveness Department (CRD) to consolidate service delivery into one department. As founding CRD director Mrs Penny Han recalled in an interview for this book: "MOM's Permanent Secretary at that time saw that we needed a department to centralise all customer strategies, policies and processes, and to set common standards across all departments."<sup>2</sup>

With the setting up of CRD, MOM began to rethink its service delivery. The first step was to carry out benchmarking. "At the time, we didn't comprehensively measure and track customer service levels so we didn't know where we stood," said Mrs Penny Han.<sup>3</sup> But the objective was not just to compare against peers in the public sector. "I always believed that the best-in-class is out there. So we also looked internationally and at private sector firms," she noted.<sup>4</sup>

In the early years, this involved attending an international customer service conference in Orlando in the United States to learn best practices. MOM also studied local private companies, including hotels such as the Four Seasons Hotel, renowned for their customer service

then, on how they served customers. Said Mrs Penny Han: “I observed how they set and upheld service standards, how they consistently tracked and published monthly service performance reports for all major departments. This brought departments up to speed as they could see for themselves how they were doing compared to previously, and with their peers and, in a way, made them compete because the reports were out there.”<sup>5</sup>

One of the first tasks was to define and track service delivery metrics. In 2004, MOM’s first customer perception survey began to set a baseline for service. Monthly State of Customer Service reports were circulated internally and discussed at management meetings to raise awareness of how MOM had performed for its customers. These reports, along with the service achievements of each department, were reported at senior management meetings. MOM also adopted mystery shopping to ensure that officers were consistently upholding service standards. MOM officers would go undercover to engage with various service touchpoints across all MOM departments for a firsthand experience of how customers were being served.

### **Shoring Up the Frontline**

With a fresh emphasis on service delivery, MOM started to transform its frontline services, which included its website, telephone and email support, and in-person service counters.

The first big change was outsourcing the MOM Contact Centre (MOMCC), which oversaw a call centre and email services. At that time, MOMCC was a small group of around 30 in-house officers and

it could not cope with the large volume of calls MOM was receiving, said Mrs Penny Han. “We were never able to meet the demand and it was performing below expectations. Also, ensuring there was sufficient call agent capacity and managing a call centre were better handled by professionals in the industry. So management decided to outsource it.”<sup>6</sup>

MOMCC was outsourced in October 2005, and the decision saw results. By the end of 2006, customer satisfaction levels for call and email services had risen to 83 per cent and 79 per cent respectively, up from 61 per cent and 75 per cent in 2004. More than 80 per cent of calls were picked up within a minute, while over 90 per cent of general inquiry emails were replied to by the next working day.<sup>7</sup>

Next, MOM turned its attention to its in-person service counters. In particular, MOM was looking to set up an Employment Pass Services Centre (EPSC), where foreign workers would go to complete the process of issuing their Employment Pass upon arrival in Singapore. In designing the service experience at the EPSC, MOM turned to design thinking, which involves designing products or services from the customer’s point of view to best meet their needs. Using prototyping techniques, MOM also found innovative solutions to concerns such as the build-up of multiple queues. Manned reception or check-in counters at the time were considered a must-have feature in any customer service centre. But such a counter meant allowing another queue to form, something MOM wanted to avoid. Instead, MOM opted for self-service kiosks to minimise queues. “The prototyping worked. It helped us weed out kinks,” Mrs Penny Han said.<sup>8</sup>

On July 1, 2009, the EPSC opened on Upper Circular Road. “The establishment of the EPSC represents a combination of both hardware and software efforts to significantly raise the level of customer service, in support of MOM’s long-term strategy to build a globally competitive workforce for Singapore,” said then-Minister for Manpower Mr Gan Kim Yong during the official opening of the EPSC.<sup>9</sup>

Applying similar service design approaches used for the EPSC, MOM Services Centre (MOMSC) was opened at Bendemeer Road in 2012 as a one-stop centre for other MOM services. Speaking at the ground breaking ceremony for MOMSC in 2010, Mr Gan Kim Yong said: “Presently, our various service centres are situated at different locations. An employer who would like to submit a manual Work Permit application would need to go to our Work Pass Services Centre at Tanjong Pagar. But if he would like to inquire about the employment rights of his workers, he would need to meet MOM officers at our Havelock office. All these will change by mid-2012. The MOM Bendemeer Office will consolidate our offices and services into a centre that serves the wide-ranging needs of our customers.”<sup>10</sup>

MOM also recognised that there was an increasing demand for online services and that its online presence had to evolve to effectively respond to customer needs. In 2012, MOM embarked on a transformation of its digital services, notably to revamp the MOM website. Following an in-depth research study to identify key customer needs, MOM departments came together to re-design, re-write and re-organise the website’s contents. The goal was to co-create a consistent and simplified online user experience that would directly meet customer needs through easy-

to-understand language and a user-centric interface.

The “One-MOM” approach to designing and maintaining the website involved transformational shifts – firstly, in the way content was written and presented so as to enable customers to navigate through various rules and processes; and secondly, in having a system to continuously monitor and improve the website to meet their needs.

As recognition of these efforts, the MOM Website won the “Government Standard of Excellence” Award in 2016 conferred by the Web Marketing Association, which champions excellence in website design internationally.<sup>11</sup> In the same year, the MOM Website Redesign Team received the PS21 STAR Service Team Award which recognises public service officers who delivered excellent service and in doing so, improved the lives of Singaporeans.<sup>12</sup> MOM also won the Silver award for “Best Digital Experience” at the 2018 Customer Experience Excellence Awards.<sup>13</sup>

### **Digitalising Services**

As its customers quickly adapted to the use of personal computers in the 1990s, MOM placed a key focus on digitalising its services. For example, LabourNet, which launched in 1997, was the Ministry’s first set of digital services for businesses to apply for work passes. These digital services were substantially improved with the release of Work Permit Online (WPOL) in 2004. WPOL proved to be a success during its time, providing customers with faster processing times amid record transaction volumes.<sup>14</sup> This complemented the in-person services provided by MOM, greatly easing the load on frontline staff.



For improving transparency, accountability and responsiveness in the public service through WPOL, MOM received the United Nations Public Service Award in 2006.<sup>15</sup>

MOM continually sought to improve this digital product to stay responsive to rapid changes in the labour market, and meet the evolving needs of customers, which included the demand for more intuitive user interfaces, 24/7 availability of services, and compatibility with modern devices. This human-centric approach to business process and IT system redevelopment was captured in a major new project in 2013 called the Work Pass Integrated System (WINS). The WINS project was MOM's first experiment with the Agile software development approach, which was novel for the Singapore Government at the time, particularly with regards to large-scale IT systems.

The first milestone for WINS was its digital services for employers of migrant domestic workers in 2015. It simplified the process for employers seeking to renew the work passes of their migrant domestic workers, saving customers over S\$5 million a year in time and overheads.<sup>16</sup> The system's improvements reduced the time taken to complete the renewal process from 15 minutes to three minutes on average, increased customer experience ratings from 3 to 5.2 on a 6-point scale, and reduced some categories of calls to MOMCC by 50 per cent.<sup>17</sup> WINS also responded 50 per cent faster to policy and process changes than before. This was followed by the launch of WINS for Employment Pass, S Pass and related transactions in 2023, which was recognised for its application of sound service design methods with the global Service Design Award.<sup>18</sup>

MOM has also employed technological innovations to improve its service delivery in the area of dispute management. In August 2023, MOM and the Tripartite Alliance for Dispute Management, a tripartite body providing advisory and mediation services, launched the Employment Practices and Progressive Workplaces Shared Platform (EmPOWER). EmPOWER is an AI-powered online service platform that integrates all stages of the claims resolution process, from advisory to settlement, on a single digital platform, allowing users to manage their claims anytime and anywhere. It also enabled self-resolution of simpler cases, reducing the need for mediation by 50 per cent.

During e-negotiation, AI-driven sentiment analysis prompts users to rephrase their responses if tensions rise, facilitating constructive conversations throughout the negotiation process. For more complex cases requiring mediation, the e-Mediation feature allows for asynchronous or teleconference meetings, saving time by eliminating the need for physical attendance. These cutting-edge features and user-centric design resulted in a high customer satisfaction rate of 94 per cent.

MOM's digitalisation efforts have extended to other areas. For example, SnapSAFE was launched in 2017 as a digital platform to enable quick reporting and resolution of unsafe practices or hazards using photos, descriptions and GPS locations. The SGWorkPass app was also launched in 2017 to provide workers and employers with verified work pass information in a secure and convenient format. To support migrant workers, the FWMOMCare app was also released

in 2020, allowing migrant workers to report unsafe workplace practices, book medical appointments and recreational facilities, and access the latest advisories.

### **A Continuous Effort**

Today, the majority of customer transactions with MOM can be completed digitally. This is complemented by in-person services at MOMSC and EPSC. But MOM is not stopping in its pursuit of ensuring that it meets its customers' evolving needs. It is looking ahead to new tools and service design techniques to better serve its customers. For example, MOM implemented an AI transcription and summarisation tool in 2024 to address customer queries more efficiently and completely. MOM also rolled out the MOM chatbot on its website and is trialling an AI-powered Digital Frontline Assistant at MOM Services Centre to provide faster responses to customer queries.

For all the new technologies that MOM adopts, however, its efforts must be grounded in a robust service culture. Such a culture has been inculcated into MOM over the years, codified in its Excellence in Service (ExiS) Blueprint in 2015. The blueprint built on MOM's early achievements in customer-centricity in Government services and articulated the vision of a trusted and customer-centric MOM amid changing service challenges. "ExiS is a movement that involves every MOMer because service excellence is not a department, it's everybody's job," noted Mr Kok Ping Soon, chairman of the ExiS Committee and then-Deputy Secretary (Development) at MOM, when the blueprint was launched.<sup>19</sup>

The ExiS Blueprint set out three service strategies that required everyone working in MOM to put themselves in the shoes of their customers and stakeholders and address their pain points:

- i) Help customers help themselves, which referred to designing policies, processes, services and communications to enable self-help by default.
- ii) Deliver the right experience, which recognised that while MOM worked towards self-help by default, it needed to consider the needs of all its customers, with many still requiring dedicated frontline help.
- iii) Serve with HEART, which defined a set of principles under the acronym called HEART (**H**ear Them Out, **M**ake It Easy, **A**nticipate Their Needs, **R**espect Every Individual, **B**e Timely) to guide MOMers on how they should think and work with customers.<sup>20</sup>

MOM's service vision and strategies emphasised strengthening trust with its customers and stakeholders. "Trust is crucial. If our customers understand our policies and see that we consistently deliver what we say we will, implementation will be more effective as customers have their trust in MOM," said Mrs Penny Han. "This trust is something MOM has and must continue to build over the years."<sup>21</sup>

Era 4

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# Through the Crises

## Chapter 7

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# Down But Not Out

At the turn of the millennium, Singapore was buffeted by a series of external shocks, from the 1997-1998 Asian Financial Crisis to the 2001 dot-com recession, and then a virus outbreak hitting the region in 2003.

But these downturns – and the subsequent 2008 Global Financial Crisis – were opportunities for the country to correct and improve its internal structures. From enhancing job-matching, to improving wage flexibility, and restructuring the economy, Singapore emerged stronger and more resilient.

This chapter focuses on MOM's responses to the Asian Financial Crisis and outbreak of severe acute respiratory syndrome (SARS) in Part 1, and examines how manpower policy which balanced between economic and social objectives helped Singapore rebound from the 2008 Global Financial Crisis in Part 2.

### **PART 1 – Asian Financial Crisis and SARS Crisis**

The Asian Financial Crisis, which erupted in 1997 following the collapse of the Thai baht under relentless pressure from currency speculators, soon revealed

itself as a profound regional upheaval rather than a mere economic downturn. The contagion rapidly spread across Asia, precipitating severe economic turmoil and sparking social and political unrest. Countries such as Indonesia, Malaysia, and South Korea faced acute strains as their currencies plummeted.<sup>1</sup>

Singapore managed to avoid the worst effects of the crisis, but its trade-dependent economy was nonetheless significantly affected. By mid-1998, the Republic had suffered substantial retrenchments and job losses. The severity of the downturn was underscored by the fact that layoffs in the first half of 1998 (14,440) surpassed the total for all of 1997 (9,784).<sup>2</sup> There were 32,800 retrenchments that year,<sup>3</sup> with the manufacturing sector, heavily reliant on external demand, bearing the brunt of the crisis.<sup>4</sup> The resident unemployment rate had risen to 4.5 per cent in September 1998.<sup>5</sup> The nation slipped into a recession by the second half of 1998 and experienced its first employment contraction (-23,400) that year since the mid-1980s recession.<sup>6</sup>

To counter rising unemployment, MOM and its tripartite partners established a Tripartite Panel on Retrenched Workers, implementing two pivotal initiatives from July 1998. The first initiative, a retrenchment advisory programme, encouraged employers to explore alternatives to retrenchments, including reduced workweeks, temporary layoffs, adjustments to variable wage components, and reskilling opportunities through NTUC's Skills Redevelopment Programme (SRP). The second initiative, an employment assistance programme, aimed to align available job openings with retrenched workers, directing them towards higher-skilled positions through the SRP.<sup>7</sup>

Despite these efforts, things were looking worse for Singapore by mid-1998. Productivity was down 6.3 per cent in the second quarter,<sup>8</sup> and retrenchments continued rapidly. Besides the slowdown caused by the crisis, there was also a downturn in global electronics, and oil-related sectors such as refining were

hit by a drop in oil prices amid weaker demand. In the first nine months of that year, more than 20,000 workers were retrenched, about twice as many as the total number of layoffs for the whole of 1997.<sup>9</sup>

Watching these developments unfold, the NWC's then-Chairman Professor Lim Chong Yah and then-Minister for Manpower Dr Lee Boon Yang both agreed that the council should reconvene. The NWC's May guidelines for 1998/1999, which had called for wage restraint, were no longer adequate. Dr Lee Boon Yang noted that MTI's Committee on Singapore's Competitiveness was proposing a 10-percentage-point cut to employers' CPF contributions as part of a S\$10 billion cost reduction package.<sup>10</sup> Would the NWC, he wondered, be able to propose a revised set of recommendations to help companies manage wage costs?

Weeks of deliberation ensued. In its revised guidelines in November, the NWC backed the proposed cut to CPF, which would bring the employers' contribution rate down to 10 per cent. The council also called for a wage cut of between 5 and 8 per cent, in line with the Committee on Singapore's Competitiveness' call to cut overall wage costs by 15 per cent compared to the previous year. Companies that did exceptionally well or badly could deviate from the guideline, the NWC added.

Even more crucial was the need to accelerate the pace of wage reform, particularly in terms of making wages more flexible. The NWC recommended that wage cuts be made from variable components in the paycheck, and urged companies to implement a flexible wage system if they had not already done so. Employees in higher income groups should take deeper cuts. The Government, being a major employer, should take the lead to adopt the revised recommendations.<sup>11</sup>

It took many "painful discussions" before the NWC could agree that it was right to cut CPF this time round, recalled Dr Lee Boon Yang in an interview for this

book, with a nod to concerns from workers and union leaders. “But eventually, through the good work of Professor Lim Chong Yah, and key tripartite representatives like Mr Stephen Lee and Mr John De Payva, they managed to reach a consensus to reduce the employers’ CPF contribution rate by 10 percentage points. That represented quite a significant and helpful wage cost reduction for the employers,” said Dr Lee Boon Yang. He added that the “NWC also took pains to signal to the workers that this reduction was not permanent. They said that if the economy recovered, the Government should restore the CPF contribution rate to what it was”.<sup>12</sup>

This was a similar playbook to how Singapore’s Government had dealt with the 1985 recession, when the employers’ contribution rate was reduced by 15 percentage points (down from 25 per cent to 10 per cent), and partially restored to 20 per cent as economic conditions improved. But the earlier cut was more palatable, because it came out of a total CPF contribution rate that was then at an all-time high of 50 per cent. By the time the Asian Financial Crisis came around, total contribution rates had already been pared down to 40 per cent, making a further cut more difficult for workers.<sup>13</sup>

Dr Lee Boon Yang said that while the severity of the downturn called for stronger measures, such as the slashing of CPF rates, MOM decided that it was best for such measures to be passed after the consensus of tripartite partners. “The Committee had recommended that there should be some adjustment to help employers over this period, by way of adjusting the employers’ CPF contribution rate,” he said. “You could make a unilateral decision to cut employers’ CPF contribution rate, and explain that it was because of the Asian Financial Crisis. But we in MOM felt that it was better to do it with some more consultation.” In November, the Government accepted the recommendations of the Committee on Singapore’s Competitiveness. As expected, the CPF cuts, which would come into force in January 1999, drew complaints from workers, many of whom relied

on their CPF to service their mortgages.<sup>14</sup> Union leaders played an important role in explaining to their members why the short-term pain would yield benefits in the long run. To soften the impact of the cuts, the Government rolled out a series of short-term measures, which included allowing struggling homeowners to tap on their CPF Special Account – in addition to the Ordinary Account – to service their mortgages. And if this was insufficient, the Government would provide bridging loans.<sup>15</sup> The Government also took the lead in implementing the NWC’s revised wage recommendations.

Singapore’s response to the crisis differed from its neighbours. “Neither the Hong Kong wage system nor the exchange rate regime was flexible enough to react positively to the East Asian exchange rate shock,” observed Professor Lim Chong Yah. “The Taiwan wage system too could not react with speed.”<sup>16</sup>

However, cost-cutting in Singapore, while effective, could only be part of the solution. Companies also had to take a hard look at their fundamentals and upgrade their employees’ skills so as to stay competitive. “We have to redouble our efforts to raise productivity,” urged then-NTUC Secretary-General Mr Lim Boon Heng in December 1998. “We also have to restructure operations so that we use manpower more efficiently...Skills retraining (will) be a key factor in our recovery process. And this will stand us in good stead when the recovery actually comes.”<sup>17</sup>

### **Tackling Structural Unemployment**

Mr Lim Boon Heng was acutely aware of one big challenge for Singapore that had been exacerbated by the Asian Financial Crisis: structural unemployment. This was a longer-lasting form of unemployment caused by fundamental shifts in the economy.

Singapore's economy had been transitioning from a labour-intensive economy to a knowledge-based one. By the mid-1990s, new roles in areas such as wafer and disk drive fabrication had emerged. The 21st century economy called for higher-value skills that many of the older, lower-skilled locals did not have.<sup>18</sup>

The crisis of 1998 accelerated the pace of change, with some industries moving out of Singapore altogether, resulting in large pools of workers with skills that no longer matched the needs of other new industries. "With a much faster pace of retrenchment and a much slower pace of economic growth, we will end up with structural unemployment this year," Mr Lim Boon Heng's deputy at NTUC, Mr Lim Swee Say, told *The Straits Times* in July 1998.<sup>19</sup>

It was a problem that the labour movement had identified even prior to the recession. NTUC had co-launched a Skills Redevelopment Programme (SRP) in December 1996, initially targeting about 1,500 employees working in manufacturing. These workers, who were mostly employed by multinationals, were trained in "growth" areas such as wafer fabrication so they could be redeployed later. They received industry- and nationally-recognised skills certification. The SRP – launched by NTUC, the Productivity and Standards Board, EDB, and Institute of Technical Education (ITE) – was backed by the Government and the Skills Development Fund.<sup>20</sup> The cost of training was heavily subsidised. And as the scheme expanded, it helped the company foot up to 70 per cent of a worker's absentee payroll while they were being trained.<sup>21</sup>

MOM expanded the programme with a series of moves in 1998 to deal with the fallout from the slowdown. SRP benefitted from a S\$20 million boost in June 1998 – as part of a S\$2 billion off-Budget package to cut business costs and stimulate the economy.<sup>22</sup> The money would expand training facilities and capacity, including funding a new Skills Development Centre to meet the demand for training places. By July, the SRP targeted 15 growth sectors,

including chemical and wafer fabrication.<sup>23</sup> Companies that invested in staff training were recognised with a new quality standard called People Developer.<sup>24</sup>

The programme eventually expanded to other sectors such as hospitality, furthering the goals laid out in a four-part manpower action plan MOM had launched in September.<sup>25</sup> It was not the only training scheme. Union members who wanted to upgrade their skills in their personal capacity – rather than through their employers – could also tap a newly-established NTUC Education and Training Fund (N-ETF). The fund was launched in October, brought forward by six months amid the economic slowdown.<sup>26</sup>

In November 1998, a S\$15.5 million Skills Development Centre began operations in Bukit Merah on the former premises of the ITE. The centre would run courses on topics such as electronics, mechatronics, and mechanical servicing for some 3,500 trainees a year during the day, and another 1,200 in evenings and on weekends. It was Singapore's first training centre for adult workers that was run and funded by the Government.<sup>27</sup>

These developments laid the groundwork for a more robust skills and job-matching infrastructure, paving the way for consolidated entities such as the Singapore Workforce Development Agency (see Chapter 8). Some of the aforementioned training initiatives, such as the SRP and N-ETF, would be enhanced by the Government during the 2001 dot-com recession.<sup>28</sup>

While training was important, the best protection for jobs was ultimately a growing economy, stressed Dr Ng Eng Hen, Minister for Manpower from 2004 to 2008. "As much as we believe in skills training, it cannot be the tail that wags the dog," he said in an interview for this book. "If your economy is not growing, no matter how well trained you are, you will find it very difficult to find a job."

Similarly, if the economy was not growing, a policy to create jobs for the sake of it – “trying to find out the maximum number of people required to trim a hedge” – would be unsustainable and but a disguised dole, Dr Ng Eng Hen added.<sup>29</sup>

### Monthly Variable Component

The intense cost-cutting and upskilling that defined the Asian Financial Crisis in Singapore was soon followed by a “remarkable economic turnaround” when external demand went up again. The economy rebounded quickly in 1999, registering 5.7 per cent GDP growth.<sup>30</sup>

“One critical factor which enabled Singapore to seize the opportunities presented by the rising external demand was our improvement in cost competitiveness,” said then-Minister for Finance Dr Richard Hu in his February 2000 Budget speech. “In particular, the 10-percentage-point cut in employers’ CPF contribution rate and the wage restraint last year made a significant difference,” he noted.<sup>31</sup>

The lesson from the 1998 downturn was that more work was needed to make the wage system more malleable. For instance, companies had annual variable components in the form of year-end bonuses, but these could only be cut at the end of the year. CPF cuts were also – as former SNEF President Mr Stephen Lee put it – a “blunt instrument”, affecting companies that were doing well and had no need to cut costs at all.<sup>32</sup> The upswell of discontent from workers at the latest cuts did not help, either. “You could see that unions and workers were not happy,” Mr Ong Yen Her, MOM’s former Divisional Director, Labour Relations and Workplaces Division, recalled. “We realised that, up to a point, we ‘cannot cut CPF anymore’.”<sup>33</sup>

One solution introduced in the NWC’s 1999/2000 recommendations was a Monthly Variable Component (MVC) that employers could adjust quickly in response to shifts in the economic landscape.<sup>34</sup> “If you had to wait until the end

of the year to adjust wages, maybe it would be a bit too late for some employers,” Mr Lim Boon Heng said in an interview for this book. “Why not build into the wage structure a monthly variable component? Then if the company needs to adjust wages, they can effect the change immediately.”<sup>35</sup>

The topic of the MVC resurfaced in earnest during the 2003 SARS outbreak, when there was a “renewed urgency” to revamp wage structures to help companies stay viable and save jobs. The Economic Review Committee and the NWC called on companies to transfer at least 2 per cent from workers’ basic wages into the MVC.<sup>36</sup> The NWC also proposed that the Government set up a tripartite taskforce to drive wage restructuring efforts, which would “not only help our workforce to survive this economic downturn, but more importantly to minimise the impact on workers of future business cycles”.<sup>37</sup>

By January 2004, the Tripartite Taskforce on Wage Restructuring, headed by MOM’s then-Permanent Secretary Ms Yong Ying-I, had unveiled its recommendations: incorporate the MVC into wages, link variable bonus to key performance indicators, and narrow the maximum-minimum salary ratio for most employees to an average of 1.5 or lower.<sup>38</sup>

“In the more uncertain and dynamic environment after the Asian Crisis, flexible wages have become a more urgent priority than ever,” said then-Deputy Prime Minister Mr Lee Hsien Loong at a conference on wage restructuring, pointing to rapid advancements in technology, industries moving to China and India, and how globalisation had led to more competition. “For all these reasons, our companies must be lean, efficient, and dynamic, with every bit of fat trimmed off and every worker doing his best...A wage system which is fixed and rigid, and based more on seniority in the job than on what the job is worth, is no longer realistic.”<sup>39</sup>



The MVC, in particular, would make it easier for companies to trim wages during bad times. “Nobody knew how to cut wages flexibly. Companies found it much easier to sack some workers to cut costs, rather than cut wages for all employees,” recalled Ms Yong Ying-I in an interview for this book. “We wanted to preserve jobs for workers...and it was good for companies too, because in an economic down-cycle, companies can sack workers...but when the upturn comes later on, companies find that they can’t hire so easily and the workers hired may not have the skills that companies need.”<sup>40</sup>

Over the next few months in 2004, the taskforce’s reStructuring Wages AcTion (SWAT) team met with hundreds of companies, calling on them to take up its recommendations. But employers were slow to do so. According to MOM’s survey of more than 3,300 companies between December 2003 and March 2004, nearly six in 10 firms said they did not plan to implement the MVC, because they felt it was a hassle, or that their current wage system was flexible enough. It did not help that some workers also viewed the MVC as a wage cut.<sup>41</sup> “We introduced (the idea of the MVC), but it was not very successful because it is complicated to administer,” said SNEF’s Mr Stephen Lee in an interview for this book. “If we can get a much larger percentage of companies adopting this, maybe it could be a solution.”<sup>42</sup>

About 80 per cent of companies had some form of wage flexibility in 2023. But when it comes to the MVC specifically, there is room for improvement. In 2023, about 11 per cent of businesses had adopted the MVC. The majority of firms (69.1 per cent) in 2023 had only the annual variable component (AVC), 10.3 per cent had the AVC and MVC, and barely any (1.1 per cent) had just the MVC, with many citing a lack of awareness as a reason for the low MVC uptake.<sup>43</sup> This might represent a missed opportunity, given the usefulness of the MVC in creating a more flexible wage system for both employers and employees.

Reflecting on the push for companies to implement the MVC, Mr Lim Boon Heng added: “Today, while companies may not be following all the original recommendations closely, we do have a flexible wage system. The more senior one is in a company, the higher the flexible component. With lower bonuses and a higher fixed monthly wage at the lower end, the incomes of lower-wage workers are more stable.”<sup>44</sup>

The lessons learned from the Asian Financial Crisis and SARS outbreak would prove invaluable as Singapore faced its next major economic challenge. The Government’s emphasis on wage flexibility, skills upgrading, and tripartite cooperation had laid a foundation that would be tested and further strengthened in the face of a global economic meltdown.

## **PART 2 – Global Financial Crisis**

In September 2008, barely five years after the SARS crisis, Singapore found itself confronting another severe economic threat. The collapse of Lehman Brothers – one of the most storied investment banks in the United States – triggered a wave of banking failures across the world. The resulting credit crunch precipitated a global financial crisis and by the third quarter of 2008, Singapore became the first East Asian economy to sink into a recession.<sup>45</sup>

The numbers were grim, and the Government feared the worst. Year-on-year GDP growth had fallen to 5.7 per cent for the first half of 2008 – after a robust 9.0 per cent growth in 2007 – before contracting by 7.7 per cent in the first quarter of 2009.<sup>46</sup> The prognosis was dire, with then-Prime Minister Mr Lee Hsien Loong cautioning in his May Day Rally speech in 2009 that there might be “no V-shaped recovery”.<sup>47</sup> But Singapore fared much better than expected. The harsh, prolonged L-shaped recession never came to pass, and the economy recovered quickly. A big part of the reason could be attributed to

how the Government, unions, and employers agreed that keeping jobs had to be a priority.

### **‘Cut Costs to Save Jobs’**

The most powerful rallying cry to emerge from the crisis was then-labour chief Mr Lim Swee Say’s call on employers to “cut costs to save jobs, not cut jobs to save costs”. Over the next few months, tripartite partners echoed this slogan, backing measures to stem the tide of layoffs. Together, Singapore would “upturn the downturn”.<sup>48</sup>

One such effort was the launch of the Tripartite Guidelines on Managing Excess Manpower in November 2008.<sup>49</sup>

Mr Ong Yen Her, who led the tripartite workgroup, recalled that they quickly put together the Tripartite Guidelines on Managing Excess Manpower to help companies with measures to ride out the downturn. The tripartite partners were urged to cut costs to save jobs, instead of cutting jobs to save costs. At the same time, employers were advised to embark on cost-cutting measures such as implementing a shorter work week, temporary lay-offs, wage freezes, trimming variable components, and sending their surplus workers for skills upgrading heavily funded by the Government.

“We knew that we had to quickly work out something acceptable to the unions and employers, otherwise there would be no meeting of minds on how to deal with the crisis,” Mr Ong Yen Her said. “We finally came up with a set of guidelines on how companies, together with their unions and workers, could manage excessive manpower and minimise job losses... The tripartite guidelines that had been hammered out within half a day...were an example of how strong

tripartism had enabled the unions, employers and Government to agree on acceptable solutions so quickly. It illustrated the true spirit of tripartism.”<sup>50</sup>

There were signs that the MVC – adopted by more employers after SARS – had made it easier for companies to reduce costs in the Global Financial Crisis and preserve jobs. In December 2008, MOM found that firms with the MVC were more confident of getting their employees to accept a wage cut – 24 per cent of such firms anticipated it would be hard to do so, compared to 29 per cent of firms without the MVC.<sup>51</sup>

### **Jobs Credit Scheme**

When it was clear that this was a downturn unlike any the country had faced so far, the Government quickly acted to provide support to companies and workers. In January 2009, a S\$4.5 billion Jobs Credit Scheme, which would defray the cost of workers’ salaries, was unveiled in a raft of Budget measures to help workers and employers tide over the crisis. Under this temporary scheme, employers would receive a 12 per cent cash grant on the first S\$2,500 of monthly wages for each employee.<sup>52</sup>

For Mr Lim Swee Say, who was NTUC Secretary-General at the time, there was no question that Jobs Credit was essential to not just saving jobs but saving companies as well. “In 2008, we had already gone through a transition towards a knowledge-based economy for 10 to 15 years,” he said. “By the time it came to 2008, the structure was very different from before. The workforce was a lot more skilled, more innovative, and more specialised. If we were to go for massive retrenchment, to cut jobs to save costs, companies would survive, but when the market comes back, where are you going to find other people? These are not just hands and legs that you can replace. These are knowledge workers.”<sup>53</sup>

This crisis called for a different set of measures than before, said MOM's former Permanent Secretary Mr Loh Khum Yean in an interview for this book. "The Government took bold, considered steps to provide stability, assurance and hope, but being careful not to overstep and create a crutch mentality," he remarked. "There were questions about fiscal sustainability of the Jobs Credit Scheme because nobody knew how long it would need to be continued – or even intensified."<sup>54</sup>

While there was no CPF cut this time round, the Jobs Credit Scheme was equivalent to a 9-percentage-point CPF contribution rate cut for employers. That was because Jobs Credit was based on wages up to the first S\$2,500, whereas CPF contributions were based on the first S\$4,500.<sup>55</sup>

The Jobs Credit Scheme had a positive impact. According to an MOM poll from May to July 2009, three-quarters (73 per cent) of companies that had planned to retrench their staff before Jobs Credit was introduced said they would postpone layoffs, or lay off fewer people, as a result of Government measures.<sup>56</sup> Actual retrenchment figures also pointed to the success of relief measures: about 33,000 jobs were shed in Singapore in 2009 and 2010 combined (of which 23,430 were in 2009), far lower than the 300,000 predicted by financial services firm Credit Suisse before the scheme was implemented.<sup>57</sup>

### **Skills Programme for Upgrading and Resilience (SPUR)**

Another key focus of "upturning the downturn" was to prepare for the rebound that would hopefully happen. This meant having to equip workers with new and refreshed skills so that when the upturn came, Singapore's workforce would be ready to seize the opportunities.

A S\$600 million Skills Programme for Upgrading and Resilience (SPUR), launched in December 2008, was developed by the tripartite partners. Course fees would be subsidised by up to 90 per cent, and companies would also benefit from an absentee payroll rate of up to 90 per cent (capped at S\$10 per hour) while their workers received training.<sup>58</sup> Unemployed workers could tap the scheme too.

SPUR worked both as a reskilling tool but also as another cost lever that the Government could use to persuade companies to hold onto their staff.

"Employers then said, 'If we are not to cut jobs, how can we save costs?' We told them that we don't want them to cut jobs, and if you cannot cover the costs, you can go to the Government," Mr Lim Swee Say recalled. "Then I went to the Government and said, 'Look, we need to mobilise some resources to enable the enterprises to instead of retrench their workers, keep them and at the same time, train them to prepare for the future.'"<sup>59</sup>

Singapore was taking a leaf out of its old policy playbook: upskill during crisis. This time round, however, SPUR benefitted from a more extensive training ecosystem – comprising WDA, NTUC's e2i, Community Development Councils (CDCs), and Continuing Education Centres – that had been bolstered over the past few years after previous crises.

The existing CET infrastructure – designed for "peacetime" – had to be rapidly scaled up during this period, remarked Mr Gan Kim Yong, who was Acting Manpower Minister from April 2008 to March 2009 and Manpower Minister from April 2009 to May 2011. "During the crisis, we almost doubled the capacity for training, and that was not planned. Overnight, we had to work with service providers to ramp up training programs, so that vulnerable workers could be sent for training," he said in an interview for this book.

“One of our key considerations was that if the workers were unemployed for a long period of time, it would be very difficult for them to get back into the workplace,” he added. “Instead of laying them off, it would be better to put them on training and support them with absentee payroll. This way, they continue the discipline of an active working lifestyle, and when the economy picks up, it is easier for them to go back to work. It also helps employers retain experienced workers rather than start all over again.”<sup>60</sup>

Retaining staff and upgrading their skills would help the company ride the upturn. “Every downturn, cyclical or structural, cyclical particularly, presents an opportunity to prepare for the rebound and to emerge stronger and faster than your competitors,” said Mr Leo Yip, who was MOM’s Permanent Secretary between 2005 and 2009. “Renovate and upgrade your physical assets if you are a hotel. If you have a workforce, retrain them, upgrade them. If you have technology equipment, replace it. That is the best time.”<sup>61</sup>

Over the next few months, Tripartite Upturn Strategy Teams (TRUST) reached out to hundreds of companies to advise them on how initiatives such as Jobs Credit, SPUR, and the Tripartite Guidelines on Managing Excess Manpower could be implemented.<sup>62</sup>

Some employers, unsurprisingly, were reluctant to hold on to their staff. SNEF’s then-President Mr Stephen Lee recalled visiting an American multinational company that had manufacturing plants in several Southeast Asian countries, including Singapore. Since orders had fallen by half, they had been instructed by their headquarters to slash their headcount by half. Mr Stephen Lee and his team persuaded them against it, pointing out that schemes such as SPUR could provide some relief.

“In the end, through a few rounds of meetings, they were able to convince HQ that Singapore was to be treated differently, that they don’t retrench, they keep their capacity,” Mr Stephen Lee added. “We suffered through 2009, but it only lasted about nine months. By the end of 2009, the orders started coming back, and out of their four plants in Southeast Asia, the Singapore plant was most ready to take orders, because their capacity was kept. All the skilled workers were still there. When demand came back, the Singapore plant could build from 50 per cent to 100 almost immediately.”<sup>63</sup>

In 2010, Singapore staged a stronger recovery than the other Asian Tigers. It grew by an impressive 14.5 per cent – compared to Taiwan’s 10.9 per cent, and Hong Kong and South Korea’s which expanded in the single digits.<sup>64</sup> A Singapore delegation was invited by the International Labour Organization to Geneva that same year to share how the country managed the crisis and rebounded from it.<sup>65</sup>

The city-state’s deep reserves had allowed it to bankroll schemes such as Jobs Credit to keep workers employed. But what set Singapore apart, Mr Stephen Lee stressed, was not its wealth, or its plan to “cut costs to save jobs” – hardly a radical concept – but its ability to realise that plan thanks to tripartite harmony.

“When we talked to Korea, Hong Kong, and Taiwan, these three governments were equally financially well-endowed, and had the same idea of keeping capacity. But they could not do it, because the employers and the unions could not come to terms. In Singapore, we rolled out the entire programme in eight to 10 weeks,” he added.<sup>66</sup>

The Asian Financial Crisis, SARS, and Global Financial Crisis dealt bitter blows to Singapore’s economy and individual livelihoods. The silver lining was that they served as stepping stones towards a more resilient workforce, spurring MOM to dedicate more resources to one crucial gap that needed to be filled: skills upgrading.

## Chapter 8

# Championing Lifelong Learning in the Workforce

Two months after SARS was eradicated in Singapore, then-Prime Minister Mr Goh Chok Tong delivered a sober message to Singaporeans in September 2003: “lifetime employment” in a single company was no longer possible. At a time of rapid economic change and more intense global competition, the new model was lifelong employability, where all workers must learn to adapt and take on new jobs if they had to.<sup>1</sup>

It was far from startling. The need for lifelong learning for lifelong employability, envisioned in the Manpower 21 blueprint in 1999, was growing increasingly urgent. Structural unemployment had been creeping up on the Singapore workforce since the late 1990s, and the problem was exacerbated by a series of crises that had rattled the economy in the previous few years. When Mr Goh Chok Tong shared his prognosis, economic growth was weak and the resident unemployment rate was high at 6.2 per cent.<sup>2</sup>

To help Singaporeans remain employable and boost workforce competitiveness MOM introduced several initiatives. One of these was the Singapore Workforce Development Agency (WDA), a new national body to coordinate continuing

education and training (CET) and facilitate employment, set up in response to recommendations by the Government’s Economic Review Committee. WDA’s mission was to enhance the employability and competitiveness of the Singapore workforce. It envisioned a competitive workforce, with workers learning for life and advancing with skills.<sup>3</sup>

“The WDA is charged with the responsibility of building a first-class lifelong education and training system for our workers,” said Mr Goh Chok Tong, adding that the agency would enable workers, including those with only secondary education qualifications or lower, to pivot to new industries. “In the new economic environment, workers should consider themselves as entrepreneurs selling their expertise to companies. If they start asking themselves how they can offer greater value to their company, so that the company will continue to buy their services, they will automatically want to upgrade their knowledge and skills.”<sup>4</sup>

### Consolidation of Efforts Under a New Statutory Board

WDA was set up as an MOM statutory board in September 2003. Prior to this, workforce training and employment facilitation efforts were fragmented across Government agencies and partners. Armed with an initial budget of S\$320 million,<sup>5</sup> it brought a number of adult skills-related functions under one roof: MOM’s Human Capital Development Division and Labour Market Development Division were subsumed into the new agency, as were the Standards, Productivity and Innovation Board’s (SPRING’s) Critical Enabling Skills Training (CREST) Secretariat and National Skills Recognition System (NSRS) Centre. The new agency also took over management of the Skills Development Fund and Lifelong Learning Endowment Fund,<sup>6</sup> and partnered with NTUC on the Skills Redevelopment Programme (SRP).<sup>7</sup> “WDA seeks to be the hub that would bring all these spokes of training, all these various agencies, in alignment, so that training would be better coordinated,” said then-Acting

Minister for Manpower Dr Ng Eng Hen a month before the launch.<sup>8</sup>

To fulfil its mandate to facilitate employment, WDA provided tailored support to help workers transition into growth sectors through job referrals, retraining and career coaching. Among its suite of job support measures, WDA introduced “Place-and-Train” programmes to match unemployed workers with jobs in sectors such as wafer fabrication, precision engineering, and cleaning, and then put them through training, rather than the other way round. Directly addressing unemployment challenges, this was a “much more effective mechanism”, noted Dr Ng Eng Hen in an interview for this book. “You can train a mass group and then they will look for jobs, but it is nowhere near as effective and efficient as ‘place-and-train’.” He added: “That was the reason for starting the WDA: to look at how we could be more effective – not in skills training, because that’s not the goal – but ultimately it must lead to a job.”<sup>9</sup>

He appointed MOM’s then-Permanent Secretary Ms Yong Ying-I as the agency’s chair, and MOM’s then-Deputy Secretary Mr Leo Yip as its CEO. The rationale for a new statutory board seemed straightforward enough, but not everyone was convinced at first. “There was quite a bit of debate over whether we needed to set up another agency,” Mr Leo Yip recalled in an interview for this book. “Part of the debate was that a new agency has its own overheads...its own corporate arm – did you really need it?” But given the urgency of the need to shift towards lifelong learning in the new economic landscape, MOM pushed ahead. “When you set up a new statutory board, the function of CET becomes a lot more prominent, and the Government has to be accountable that this new organisation will deliver,” Mr Leo Yip said. He added: “When you push for CET, you need to build up a whole ecosystem of capabilities – training providers, skills frameworks, support from employers, and participation by workers themselves.”<sup>10</sup> The responsibility fell on the WDA to develop a more robust ecosystem for adult learning.

## Developing a Robust CET Infrastructure

The WDA built on a long history of adult skills upgrading in Singapore. In the early days, the focus was on raising basic literacy and numeracy, with the 1960 launch of the Adult Education Board, or “Lembaga Gerakan Pelajaran Dewasa”, to train the adult workforce. As the economy moved up the value chain in post-independence Singapore, further schemes were introduced by the Government. The first national-level training initiative, the Skills Development Fund, was introduced in 1979 and gave companies incentives to send their workers for training (see Chapter 3). The Fund was partly financed by a Skills Development Levy imposed on companies. That year, the Vocational and Industrial Training Board, the precursor to the Institute of Technical Education (ITE), was also established as a result of a merger between the Industrial Training Board and Adult Education Board.<sup>11</sup>

As the new millennium drew near, coinciding with several economic downturns, the push for continuous skills upgrading and jobs-matching picked up pace. Post-secondary institutions offered more training options for people at different stages of their careers. In 1996, to tackle structural unemployment, NTUC launched the SRP, which became a national programme during the Asian Financial Crisis to help lower-skilled workers meet the evolving demands of the job market (see Chapter 7). Following the 2001 economic downturn, the country’s skills and jobs-matching infrastructure were further boosted: a Lifelong Learning Endowment Fund, People-for-Jobs Traineeship Programme for older workers, WorkSkills Training Programme to help white-collar workers plan their careers,<sup>12</sup> National IT Literacy Programme, CareerLink@MOM and a Distributed CareerLink Network of job centres around the island.

The Government believed that skills upgrading, rather than handouts, was a more effective way to help people who had lost their jobs. Welfare handouts – attractive as they might be – were not the answer. “It will kill the motivation

to work, and ultimately cost taxpayers more than we can afford,” said then-Prime Minister Mr Lee Hsien Loong in 2005, citing how welfarism did not work in other countries. “The US reformed their welfare system to cut back on unemployment benefits under a Democrat President, Bill Clinton. The welfare states in Europe have also all realised that they face the same problem, and are trying hard to reverse the situation. The only viable solution for Singapore is to stay competitive, create new jobs for our people and train them to do the jobs.”<sup>13</sup>

MOM and the tripartite partners have always championed worker training, and the 2000s were no different, as the WDA built on the nation’s existing CET infrastructure and strengthened it – by identifying current and future skills gaps, developing courses that were more industry-oriented, and raising the standards of adult training.

A major milestone in Singapore’s journey to developing a comprehensive CET system was the Workforce Skills Qualifications (WSQ) system, launched in 2005 as the national credentialing system that trains, develops, assesses, and certifies skills and competencies for the workforce.<sup>14</sup> The WSQ system was an improvement from fragmented adult learning programmes that were institution-based and academically focused, thereby enhancing their relevance to a broader base of workers and businesses. WDA was responsible for WSQ certifications and qualifications, and the overall quality of WSQ programmes.<sup>15</sup>

A core feature of the WSQ system was close collaboration with tripartite partners, and industry and sector agencies, which helped to ensure the relevance of WSQ programmes to the demands of the economy. For example, a Manpower Skills and Training Council was formed with members from multinational corporations, small and medium enterprises, industry experts, unions and agency representatives to advise WDA on the skills and training needs of various sectors, and the design of new standards.

The WSQ system successfully created competency-based certifications that employers and individuals accepted. WSQ’s courses were designed to offer modular training that could lead to full WSQ qualifications.

### **CET Masterplan – Building a First-Class CET System**

By early 2008, WDA had made good progress: its WSQ system covered most major industries, and 145,000 people received WSQ training in the past three years.<sup>16</sup>

In February, NTUC launched the Employment and Employability Institute (e2i), a one-stop training and job placement centre that would complement WDA’s activities. It was time to “significantly expand” Singapore’s CET infrastructure, said Dr Ng Eng Hen at the Budget debate in March. He ran over the details of a CET masterplan to help Singaporeans stay competitive: set up 10 new CET Centres in growth sectors, nearly quadruple the annual training capacity from 22,000 to 80,000 by 2010, and collaborate with polytechnics and ITE.<sup>17</sup>

MOM would also do more to integrate pre-employment training (PET) and CET. “WSQ and Employability Skills System (ESS) standards are already widely accepted by the industry in lieu of formal academic qualifications. But we will create more bridges between the CET and school systems,” explained Dr Ng Eng Hen. “To illustrate, a worker who has a polytechnic diploma or Nitec (National ITE Certificate) qualification can take up a WSQ course; conversely, someone with a WSQ Certificate should also be able to cross over to the school system to earn a polytechnic diploma or even a degree in the future. MOM and MOE will be looking into establishing stronger linkages between our CET and formal education systems.”

CET was for everybody, even PMETs who already had professional diplomas and degrees. Times were changing: nearly 60 per cent of the resident workforce

would have at least a diploma qualification in 2020, compared to 43 per cent in 2008.<sup>18</sup> “The shape and structure of our economy will change in tandem. This is harder to project but generally industries will move up the value-add and innovation chain and will require workers with higher skills,” noted Dr Ng Eng Hen. “Other countries are not standing still and are also investing in adult training to enhance the quality of their workforce. The UK launched a major review of its further education system last year (2007) to improve its skills profile. It is setting up new National Skills Academies, introducing new diplomas and apprenticeships, and developing new qualification frameworks. We cannot afford to lag behind and play catch up.”

In December 2008, MOM launched the Institute for Adult Learning to raise standards as well as promote research and innovation in the adult education sector. Over the years, it would curate and develop programmes to meet the skills upgrading needs of Singapore’s training and adult education (TAE) professionals – through certificate, diploma and Master’s programmes, as well as courses in continuing professional development. It also set up research centres to guide CET policies, and rolled out the Adult Education Network and Adult Education Professionalisation initiatives to strengthen the TAE sector.<sup>19</sup>

There were some signs that WSQ training was leading to better outcomes at work. In a WDA report released in 2010, more than 90 per cent of trainees said their work performance had improved after training, and more than 90 per cent of companies said the training addressed skills gaps among their staff.<sup>20</sup> Furthermore, workers with WSQ training enjoyed greater job mobility – about 30 per cent changed jobs in the last two years, higher than the 20 per cent who had not received training.<sup>21</sup>

More major milestones followed in 2014: a CET 2020 masterplan, the official launch of the Lifelong Learning Institute, and the opening of the Devan Nair Institute for Employment and Employability – a new campus for e2i’s

training and career services.<sup>22</sup> Jobseekers could avail themselves of not just skills upgrading and job opportunities, but also skills assessments and career coaching. Former NTUC President Ms Diana Chia, who likens e2i’s role to that of a matchmaker, stressed that people needed help landing a job even after they had upgraded their skills. “It’s not so simple. Even now, people are asking how to write resumes...they have to be guided,” she added in an interview for this book. “People on the ground need a face to help them.”<sup>23</sup>

### **SkillsFuture Movement**

A significant development in the evolution of Singapore’s CET system was the launch of the SkillsFuture movement, to scale up efforts to invest in and champion lifelong learning, and help Singaporeans advance in their careers on the basis of skills. It was led by a tripartite SkillsFuture Council from 2014, and chaired by then-Deputy Prime Minister and Coordinating Minister for Economic and Social Policies Mr Tharman Shanmugaratnam.

“Within the Government, the natural agency to take the lead in doing this is an expanded WDA,” said then-Prime Minister Mr Lee Hsien Loong at the 2014 National Day Rally. “But the WDA will need strong support from other agencies, employers, and unions.” The tripartite members on the council, he added, would drive these efforts and “develop an integrated system of education, training, and progression for all Singaporeans and promote industry support and social recognition for individuals to advance based on their skills”.<sup>24</sup>

The SkillsFuture movement, among other things, provided all Singaporeans aged 25 and above with SkillsFuture Credits to help pay for upskilling beyond the existing course fee subsidies.<sup>25</sup> More modular and bite-sized courses were also introduced, building on improvements in adult pedagogy that had been underway since the 2000s. They were designed with the busy working adult in mind, allowing them to acquire new skills progressively over time.



“SkillsFuture is quite simply our most important economic and social strategy in the long term,” said Mr Tharman Shanmugaratnam in a speech in 2019. “Economic: for obvious reasons, because we are only as competitive as our skills in the long term. And it is not just about the skills that you require at the start of your journey, but that continuous deepening of skills and picking up of new skills as you progress through your career, and through life.” He added: “It is (also) social: because at the end of the day, we are trying to create a meritocracy of skills, rather than of grades earned early in life. It is a new form of social mobility.”<sup>26</sup>

Why a national skills movement? The Government felt that more had to be done to foster a culture of lifelong learning in Singapore. Many employers were still heavily fixated on academic qualifications rather than the actual skills of current and prospective staff. “We went on a few study trips to Europe and the Scandinavian countries, where we learnt that it was not about just academic certificates and qualifications per se, but also about skills,” noted former MOM Permanent Secretary Mr Loh Khum Yean in an interview for this book, adding that more had to be done in Singapore to get employers to recognise skills mastery. A mindset shift was needed. He put it candidly: “If I’m a worker and you ask me to train and attain a new certificate, but the labour market or employers don’t really recognise it – then what am I doing this for?” Ideally, the SkillsFuture movement would normalise the idea of a “skills resume” for workers, who would be employed and valued for their skills.<sup>27</sup>

There was also the perennial concern from employers that their workers would jump ship after considerable time and money had been invested in their training – which led to employers taking the easier route of replacing workers with new hires with the necessary skills. This was not ideal: employers should be broad-minded enough to see training as a contribution to a shared “public infrastructure” which they also stood to benefit from in the long-run, remarked Mr Loh Khum Yean. SNEF President Mr Tan Hee Teck also encouraged employers

to look at the bigger picture. If employers invest in training, it will enable all employers to hire from a more skilled labour pool, be it employees transitioning from bigger to smaller companies or vice-versa.<sup>28</sup> Still, there were signs that the tides were turning. More than half (54 per cent) of companies surveyed had adopted WSQ training in 2013 – up from 43 per cent the year before and 41 per cent in 2011.<sup>29</sup>

Employers play a crucial role in getting workers to go for training, stressed former Minister for Manpower Mrs Josephine Teo in an interview for this book. “It is always inspiring to see workers who are self-motivated to engage in lifelong learning. But for many workers, there is greater drive to go for training when the employer proactively upholds the value of it,” she observed. “This is because going for training inevitably means time away from work and can even impact our family commitments, so workers need to see their efforts as worthwhile. When an employer reaffirms the importance of the training, there is a greater likelihood that workers see it as worthwhile.”<sup>30</sup>

### **Workforce Singapore and SkillsFuture Singapore**

In 2016, WDA was reconstituted into Workforce Singapore (WSG) for career assistance under MOM, while its functions in adult training were taken over by SkillsFuture Singapore (SSG) under MOE. This was done “to draw better synergies between the work of MOE and SSG”.<sup>31</sup>

SSG aimed to promote lifelong learning and skills mastery, helping to speed up workforce transformation.<sup>32</sup> Meanwhile, WSG would “maximise matching between jobs and skills, workers and businesses”, said then-Minister for Manpower Mr Lim Swee Say in August 2016. It would not just help people find jobs and build careers at all life stages, he noted, but also support workers in the face of technological disruption and help businesses create better quality jobs to build a stronger Singaporean Core. “This is a key priority for firms as workforce

growth will slow and competition for manpower will only become keener,” he added. “WSG will support companies to adopt new business models, be more manpower lean, and create progressive workplaces to fully utilise the skills and talent of our workers.”<sup>33</sup>

Reflecting on WSG’s focus on helping Singaporeans take on quality jobs and careers while addressing industry manpower needs, former MOM Permanent Secretary Mr Aubeck Kam shared: “In the past, the labour market was able to recover very quickly after a recession, and demand for labour was even greater than before. Job matching was not necessarily a thing we spent as much time thinking hard about. But when WSG was formed, it went a fair way in thinking about how to do job matching well, including bringing players with different competencies to the market.” He added: “This was very timely because job support was moving away from a mass-production model, to something that needed to be more customised.”<sup>34</sup>

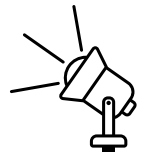
Promoting “career health” would be a big part of WSG’s mission by the 2020s, as it evolved from playing a role akin to an “A&E” – a place you do not think about unless you are in dire need of help – to a more “diagnostic” one that helped workers assess their skill sets and employability early on.

If continuous skills upgrading was important in the 2000s, it is even more crucial today as the pace of change accelerates. People are realising that education does not end at school: “lifelong learning” and “skills-based” are no longer just buzzwords, but increasingly part of the new normal. By helping workers to stay employable and transition across multiple careers in their lifetime, MOM remains a strong advocate of lifelong career health (see Chapter 14).

*Spotlight chapters highlight key topics that span multiple eras, and how MOM took unique approaches to address them.*

This spotlight traces how the Ministry continually reformed its workplace safety and health regime to achieve significant improvements in workplace safety.

## Workplace Safety and Health



### Nicoll Highway Collapse

On April 20, 2004, workers at a Circle Line worksite near Golden Mile Complex heard strange noises coming from the tunnel. “Thung, thung, thung” – the sounds of distress rang out from the steel struts for six hours. Even more troubling: a number of beams in the support structure were bent out of shape. But despite these warning signs, there were still workers on site when tragedy struck at around 3.30pm. First, a retaining wall gave way. Then the ground trembled and caved in, taking down a giant 100m stretch of Nicoll Highway. Nearby buildings were hit by blackouts, a broken pipe unleashed gas, and the scene was soon overrun with emergency responders rushing to pull survivors out of a gaping 15,000 sq m chasm filled with rubble.<sup>1</sup>

The Nicoll Highway collapse killed four workers and injured three others. It was one of the worst industrial disasters in Singapore's modern history, and triggered a period of soul-searching as authorities launched an inquiry into what had caused it. Unfortunately, it was not the only major accident in 2004. Nine days later, a collapse of steel latticework at the Fusionopolis worksite in Ayer Rajah killed two workers and injured 29. The following month, seven workers died in a fire on the Almodaina oil tanker at Keppel Shipyard.<sup>2</sup> These three high-profile accidents prompted MOM to speed up the pace of workplace safety and health (WSH) reform.<sup>3</sup>

### **A Wake-Up Call**

Singapore had, in fact, already made significant strides in WSH by then. In 2003, its occupational fatality rate was 4.7 per 100,000 workers – a record low for the nation, and a vast improvement from 8 in 100,000 in 1998. The Lion City ranked ahead of its Asian peers, with the exception of Japan.<sup>4</sup>

But being nearly-best in Asia was not good enough. Singapore, MOM felt, should aspire to be on par with the best in the world. One area in glaring need of reform was its decades-old Factories Act, enacted in 1973, which set workplace safety rules for factories only. Modelled after old British labour laws, it remained an archaic fixture in Singapore's legislation even as Britain itself had introduced a more modern Health and Safety at Work Act in 1974.<sup>5</sup>

In early 2005, a group from MOM embarked on a study trip to four countries in Europe that were world leaders in WSH: Sweden, Britain,

France, and Germany. For a while, the Ministry had been considering expanding workplace safety legislation to cover more workplaces, and this trip would offer more clarity on how to proceed, noted Mr Ho Siong Hin, MOM's Senior Director (International WSH). At the time, Singapore's Factories Act prescribed a set of rigid rules to be applied across the board. Countries such as the United Kingdom, by contrast, gave companies more flexibility to manage their own risks.

“We had to make a decision on whether to expand the Factories Act and retain the mindset of a prescriptive regime, or move on to what the European countries had been doing – a more performance-based set of laws where you look at the outcome rather than telling people what to do,” said Mr Ho Siong Hin.<sup>6</sup>

Having witnessed, first-hand, the success of their European counterparts, the MOM members concluded that Singapore should replace the Factories Act with a new Workplace Safety and Health Act. This would cover more workplaces, and encourage companies to take greater ownership over safety by formulating their own measures, rather than adhering to a one-size-fits-all rulebook from above. After gathering feedback from the industry, the team presented its findings to then-Minister for Manpower Dr Ng Eng Hen, who announced a WSH framework (later supported by the WSH Act) in March 2005.

“(It) is increasingly difficult for the Government or any central authority to prescribe standards which can be applied uniformly to all companies, across all industries. The speed of technological development means that regulators which try to micromanage will always be playing catch-up,” Dr Ng Eng Hen would later tell Parliament.<sup>7</sup>

World leaders in occupational safety and health, he noted, had changed their approach. “Rather than tell businesses how to run their factories or do their jobs, they have made businesses responsible for managing their own risks. Their legislation has moved from being prescriptive to performance-based,” he said. “In other words, no longer does the law prescribe that your factory windows must be 10 per cent of the floor size. The duty is simply to ensure that there is sufficient ventilation according to the number of people at work. You decide how to achieve this. If there is inadequate wall space for windows, or if windows are not practical in the work environment, alternatives such as forced ventilation or suction fans can be used.”

The gears of workplace safety reform whirred furiously in 2005. MOM formed a Workplace Safety and Health Advisory Committee, chaired by then-Shell chairman Mr Lee Tzu Yang, which shared best practices with companies’ top management. It also developed WSH 2015, a 10-year national strategy to halve the workplace fatality rate to 2.5 per 100,000 workers within a decade.<sup>8</sup>

### **Committee of Inquiry Report**

While MOM busied itself over its proposals for the new WSH Act, a complex inquiry into the Nicoll Highway collapse was under way. After a hearing that lasted 88 days, the committee of inquiry presented its final report to Dr Ng Eng Hen in May 2005.<sup>9</sup>

The disaster could have been prevented. There had been a string of “serious human errors” leading up to it, observed the committee chaired by the late Senior District Judge Mr Richard Magnus. “From the

early stages of the C824 (Circle Line) project through to final collapse, there were failures to demonstrate the necessary level of care.”

“The builder did not adequately deal with insidious warning signs,” it continued. “A multiplicity of events led to the position where design, construction, instrumentation, management and organisational systems used by the builder and their sub-builders failed. There were failures in the defensive systems. There were no proper and appropriate design reviews. There were inadequate contingency and remedial measures.”

The report proposed a slew of safety recommendations, summed up by MOM as follows:

- Potential for major accidents must be recognised and addressed through use of hazard identification and risk analysis. This includes ensuring that the design for temporary works is robust, independently checked, and regularly reviewed.
- A strict weightage system should form part of the contract and tender evaluation system. The weightage system should include non-technical and non-commercial attributes such as safety records and culture of the bidder, and its core or corporate competency.
- There must be a strong safety culture among all at work, including continuous and visible commitment by management and consultation with stakeholders from design to execution.

- Organisational and human factors must be taken into account when devising safety management systems, for instance: Instrumentation and monitoring must be carefully managed, especially when there is potential for public harm; Senior managers must be experienced enough to make the right judgement call either to suspend or stop work; Production pressures must be balanced by defensive precautionary systems; Professionals and sub-contractors must have the right competencies and training.
- Major projects in close proximity to the public with the potential to cause significant harm require particular review, and should have comprehensive emergency plans.
- New or unfamiliar technologies must be rigorously understood and assessed before being adopted.<sup>10</sup>

These recommendations were taken seriously by MOM, the Ministry of National Development (MND), and the Ministry of Transport (MOT). In a joint report that same month, the ministries detailed how they would act on them to rectify flaws in WSH.<sup>11</sup> These proposals would help shape the reform that was already taking place.

### **Replacing the Factories Act**

The WSH Act replaced the Factories Act on March 1, 2006, marking a shift from a prescriptive regime to a performance-based one. It focused initially on sectors with the highest accident and fatality rates – construction, shipyards, and metalworking factories – but would

eventually be extended to all workplaces, as was the case in the United Kingdom and United States.

The new legislation introduced three fundamental reforms. First, employers would have to conduct comprehensive risk assessments for work processes, in order to reduce risks at the source rather than reacting to accidents after they happened. Second, it called on the industry to take greater ownership over raising occupational safety and health standards, rather than simply comply with prescriptive rules. Third, it more clearly defined who should be held accountable for risks and accidents, and introduced stricter penalties for risky behaviour.

“Penalties should be set at a level that reflects the true cost of poor safety management, including the cost of disruptions and inconvenience to members of the public which workplace accidents may cause,” Dr Ng Eng Hen noted. “The collapse of Nicoll Highway not only resulted in the loss of four lives, but also caused millions of dollars in property damage and led to countless lost working hours and great inconvenience to the public.” The maximum penalty of S\$200,000 for corporate offenders – deemed “inadequate” by Dr Ng Eng Hen in the case of the Nicoll Highway incident – was raised to S\$500,000 for first-time offenders. For individuals, the maximum fine remained at S\$200,000 but the maximum jail period was doubled to 24 months. Furthermore, penalties would be meted out for poor safety management even if there were no accidents – unlike the Factories Act, where penalties were based on the amount of harm done.<sup>12</sup>

Company leaders would also be accountable for safety and health practices at their workplaces, even if they had delegated the physical supervision of workers on the ground to someone else. “We realised we needed stronger legislation,” said Dr Ng Eng Hen in an interview for this book. “Previously, the company chairman, executive directors, and CEOs would delegate the responsibility to someone at a lower level, and they would not be penalised if something happens. So we made the CEO liable. You can delegate the work, but you can’t delegate responsibility. If you have been negligent, there will be penalties against you.”<sup>13</sup>

### **Partnering the Industry**

As expected, many local companies were apprehensive about the changes as they feared incurring more costs. To ensure these reforms were successful, MOM knew it had to work closely with industry partners: share the Ministry’s plans with them, seek feedback, and provide support. A key part of this was the WSH Advisory Committee, formed in 2005, comprising 14 industry leaders and four industry-specific committees which advised the Ministry on WSH issues.<sup>14</sup>

Crucially, the industry would have to take the lead in championing WSH – its members had more persuasive power among their peers than MOM did. Mr Ho Siong Hin, the former Commissioner for Workplace Safety and Health, recalled that during one of MOM’s consultation sessions with the industry in early 2005, some local companies were resistant to the proposed changes. What strengthened MOM’s cause was when other industry members spoke up. “There was

one gentleman from a multinational company who stood up and said, ‘Look, I don’t understand...safety and health of workers is the most important thing. We should not compromise on it because it’s about workers’ lives. Money, you can (always) earn.’ The rest of the people shut up, and they bought in – reluctantly, but at least they bought in,” he said.<sup>15</sup>

To help small and medium-sized enterprises improve their risk management capabilities, MOM launched a Risk Management Assistance Fund in 2006 to defray the cost of engaging risk consultants, as well as a bizSAFE programme in 2007, a step-by-step approach to improving WSH.<sup>16</sup> MOM played a supportive role, leaving it to the industry to agitate for change. “What we did was provide support, the capability building programme, and let them go out to engage and convince the rest,” Mr Ho Siong Hin said. For example, the construction industry decided of its own accord to introduce daily safety committee meetings, which would not have gone down so well if MOM had mandated it, he noted.<sup>17</sup>

In April 2008, the WSH Advisory Committee became the Workplace Safety and Health Council, strengthening the partnership between the Government, industry, and unions.<sup>18</sup> By then, Singapore had made great progress in improving WSH. The fatality rate had fallen to 2.9 per 100,000 workers in 2007 – very close to the WSH 2015 target of 2.5 per 100,000 workers. This was why a new strategy, “WSH 2018”, was announced in 2008 with a more ambitious target of lowering the workplace fatality rate to 1.8 by 2018.<sup>19</sup>

“We should aim not only for as good a safety record as the developed countries, but to have one of the best workplace safety records in the world,” said then-Prime Minister Mr Lee Hsien Loong. “I am confident that we can achieve this, because if we analyse the accidents which are taking place, we can find many creative and innovative ways to tighten up safety standards and practices, to put right what we are still not doing properly, and to get our employers and workers trained and imbued with safety consciousness.”<sup>20</sup>

The push for employers to take more ownership over WSH drew mixed reactions. “When we said that we wanted a more performance-based law, there were two groups of companies,” recalled Mr Ho Siong Hin. “The bigger companies said, ‘Good, now I have leeway to get things done.’ Whereas the smaller companies said, ‘This means that if anything happens, I will get into trouble. Could you tell me what I need to do, so that I can get the work done and comply with the law.’” To address this issue, MOM took a leaf from its European counterparts’ books: work with the industry to come up with codes of practice.<sup>21</sup> These included sector-specific standards and guidelines, developed by the WSH Council, which would be particularly helpful for smaller companies that needed more hand-holding.<sup>22</sup>

A set of competency standards were also developed for employees at the operations, supervisory and managerial levels. And in 2008, the WSH Council launched a WSH Professionals Workforce Skills Qualifications (WSQ) framework – shaped through consultations with the industry, and anchored in the Singapore Workforce Development Agency’s national WSQ framework. The WSH Professionals WSQ

framework showed WSH professionals how they could progress in their careers – for instance by rising from WSH Representative to WSH Coordinator, WSH Officer and eventually WSH Auditor.<sup>23</sup>

MOM made clear that WSH professionals were expected to take greater ownership over their contributions to the companies who hired them.<sup>24</sup> “The previous law was very prescriptive...even dictating how many hours (WSH professionals) must work a week, and what exactly they must do, (such as) taking minutes of meetings. We did away with all these things,” said Mr Ho Siong Hin. Without these requirements, some of the professionals then grew anxious that this would put them out of a job. But he told them that they should think about how to add value.

“It’s not about forcing a company to employ you...If you can contribute to the company, the company will want to employ you, even at a higher price. At that time, there was a big argument about how safety professionals’ pay was going down. With this revamp, the pay of safety professionals went up instead. Safety and health are important, so companies wanted to employ good safety professionals,” Mr Ho Siong Hin added.<sup>25</sup>

The year 2008 was a fruitful one for WSH. The Work Injury Compensation Act replaced the Workmen’s Compensation Act, allowing all employees to be compensated for work-related injuries. This was an improvement from the previous Act, which covered only manual workers and non-manual workers earning S\$1,600 per month or less.<sup>26</sup>

The pace of WSH reform continued unabated. From 2009, all foreign workers had to pass a Worker Safety and Wellbeing Test to stay employed. Singapore signed the Seoul Declaration on Safety and Health at Work in 2010, extended the WSH Act to all workplaces in 2011, and that same year launched a WSH Institute to carry out research, innovation, and capability-building initiatives. In 2012, MOM ratified the International Labour Organization Promotional Framework for the Occupational Safety and Health Convention, C187, to “align (Singapore’s) efforts closer with international labour standards” and “position us to play an even bigger role in both the region as well as on the world stage for WSH excellence”.<sup>27</sup>

### Looking Ahead

In 2014, four years ahead of schedule, Singapore realised its target of 1.8 fatalities per 100,000 workers.<sup>28</sup> Despite the good progress, MOM observed that the workplace fatality rate had not been falling as quickly as before. For a while in the early 2010s, it had hovered around 2 per 100,000 workers.<sup>29</sup>

This led to the launch of “Vision Zero” in 2015, a movement calling on employers, workers, unions, and the Government to embrace the mindset that every accident and instance of ill-health arising from work was preventable.<sup>30</sup> “What it means,” Mr Ho Siong Hin said, “is that you must create a culture that is not a blame culture. Because you want to learn...You want to focus on the solution, how to prevent the problem the next time.”

MOM and the industry’s efforts have led to much progress through the years. “That sense of ownership in the bigger companies, the multinationals, is mostly there,” said Mr Ho Siong Hin, noting that these companies often have an ecosystem of contractors and safety professionals with high standards of WSH. What is more challenging, he added, is engendering the same mindset shift in smaller companies.

Even so, any progress on this front would be limited if companies did not also do more to address the pressing issue of workers’ health, which now appears the main bottleneck to the fatality rate going down. “If a worker is unhealthy, chances are his attention to work is not high. He cannot stay alert. Because of his health problems, he might (also) feel faint, and that might cause an accident,” said Mr Ho Siong Hin, noting that climate change could also exacerbate heat stress and other issues. “Unless you start tackling the health issue of the workforce, it’s not going to bring (the accident rate) down very much.”<sup>31</sup>

This concern was the basis of “Total WSH”, a programme launched in 2014 to raise awareness of how workers’ physical and mental health could affect their safety at work, and vice versa. The programme helps companies influence their workers’ health for the better, from ergonomics and nutrition to health screening and mental health initiatives.<sup>32</sup>

The WSH 2028 report, published in 2019, reiterated this call on companies to make their work environments conducive to workers’ health. For example, companies were encouraged to adopt more upstream measures to prevent occupational diseases such as work-related musculoskeletal disorders and noise-induced hearing



loss. WSH professionals, the report added, should also receive further training to better manage the impact of workers' ill-health – such as chronic diseases – on workplace safety.<sup>33</sup> This emphasis on workplace health would continue over the next few years, with the introduction of enhanced measures to reduce heat stress for outdoor workers, as well as a Tripartite Advisory on Mental Health and Well-being at Workplaces.<sup>34</sup>

The WSH 2028 vision, which encouraged the industry to use technology to improve WSH, also presented a key shift in MOM's approach: urge employers to see WSH as good for business, rather than a cost.<sup>35</sup> For instance, the report suggested that the Ministry should share data on workplace injury compensation claims with the insurance industry, so insurance premiums could be differentiated according to the WSH performance of a particular firm. This practice, which would give employers a commercial incentive to prioritise workplace safety, became a reality in 2019 as part of the new Work Injury Compensation Act.<sup>36</sup>

When the COVID-19 pandemic struck in 2020, MOM led the development and implementation of national safe management measures for workplaces. "Prior to the pandemic, I never imagined that working from home would become a legislated safety measure," said Mr Silas Sng, MOM's Commissioner for Workplace Safety and Health since 2019, recalling the measures put in place to respond to the evolving public health situation.<sup>37</sup>

After the COVID-19 measures were finally lifted in 2022, Singapore experienced a surge in the number of workplace fatalities.<sup>38</sup> This was

largely because people were "rushing and rusty," said Mr Silas Sng, as businesses tried to catch up with their delayed projects with a workforce that had experienced some skills atrophy due to the pandemic. MOM took decisive action by introducing a nine-month Heightened Safety Period from September 2022 to May 2023. The Ministry also formed a Multi-Agency Workplace Safety and Health Taskforce to look into sector-specific safety issues, and rolled out a series of Safety Accountability, Focus and Empowerment measures to arrest the spate of accidents.<sup>39</sup>

The collective efforts of the tripartite partners and industries paid off, and in 2023, Singapore's workplace fatality rate fell to a record low of 0.99 per 100,000 workers.<sup>40</sup> The country had previously aimed to lower the workplace fatality rate to less than 1 per 100,000 workers by 2028, something which only the Netherlands, Sweden, the United Kingdom, and Germany had consistently achieved.<sup>41</sup>

Once again, Singapore had reached its target ahead of time. The question now is whether it will maintain and improve on these high standards. "What's more important is how we make sure that we sustain this," emphasised Senior Minister of State for Manpower Mr Zaqy Mohamad during a site visit. "It's one thing to be able to reach certain heights, but we want to also maintain it and ensure we are there on a sustained basis."<sup>42</sup>



The former Ministry of Labour building on Havelock Road. It was used by the Ministry from 1955 to 1990. (Photo credit: Lim Kheng Chye Collection, courtesy of National Archives of Singapore)



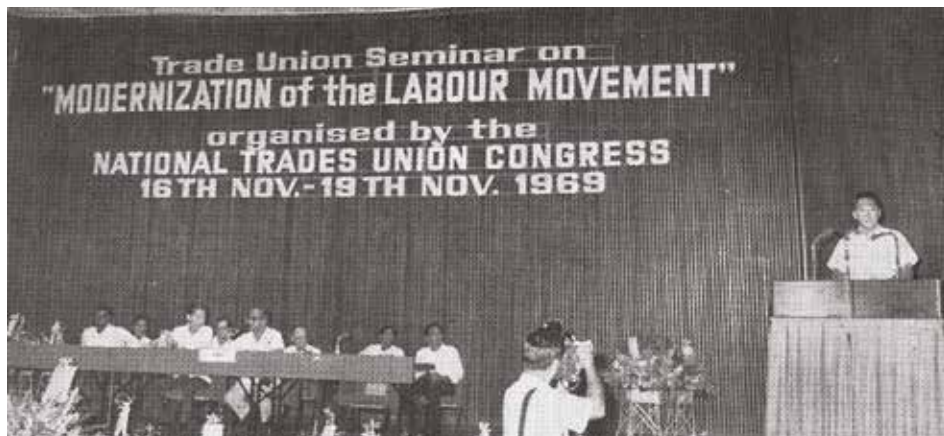
Workers of the Hock Lee Amalgamated Bus Company on strike at the company's bus depot on Alexandra Road on April 25, 1955. The strike escalated into a riot on May 12. The Ministry created a new framework for industrial peace during this turbulent era. (Photo credit: Ministry of Information and the Arts Collection, courtesy of National Archives of Singapore)



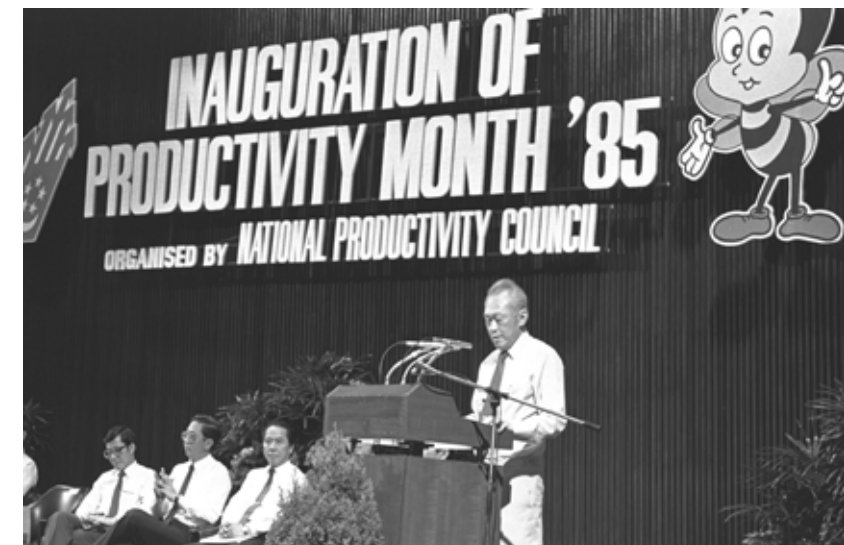
NTUC Secretary-General Devan Nair (third from left) speaking to reporters at a press conference of the first NTUC Annual Delegates Conference in 1962. (Photo credit: Ministry of Information and the Arts Collection, courtesy of National Archives of Singapore)



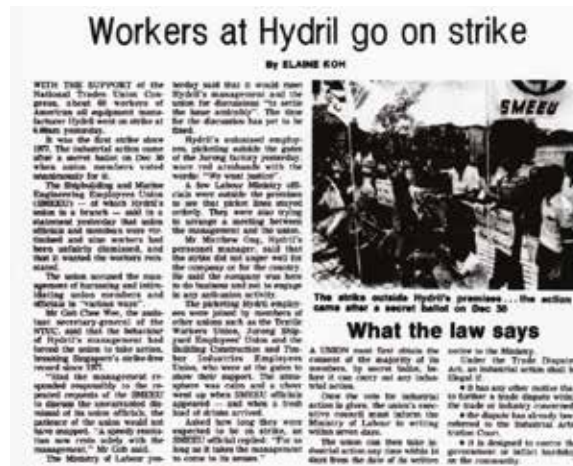
The National Wages Council, helmed by its President Lim Chong Yah (centre), holds its first meeting on February 18, 1972. (Photo credit: [The Straits Times] © SPH Media Limited. Permission required for reproduction.)



Prime Minister Lee Kuan Yew speaking at the NTUC "Modernization of the Labour Movement" seminar in November 1969. The landmark seminar laid out the fundamentals of tripartism. (Photo credit: NTUC)



Prime Minister Lee Kuan Yew speaking at the inauguration of Productivity Month in November 1985. National initiatives were organised to encourage workers and businesses to raise their productivity. (Photo credit: Ministry of Information and the Arts Collection, courtesy of National Archives of Singapore)



Hydril workers on strike on January 2, 1986, outside the American oil equipment manufacturer's factory in Jurong. The incident was quickly resolved, reinforcing the effectiveness of tripartism. (Photo credit: [The Business Times] © SPH Media Limited. Permission required for reproduction.)



Acting Minister for Labour Lee Yock Suan on wage restraint and cuts to CPF contributions in response to the 1985 recession. (Photo credit: [The Straits Times] © SPH Media Limited. Permission required for reproduction.)



Divisional Director for Labour Relations and Workplaces Ong Yen Her briefs SNEF members on guidelines for part-time employment in August 1990. (Photo credit: Singapore National Employers Federation Collection, courtesy of National Archives of Singapore)



Minister for Labour Lee Yock Suan speaking at the official opening of the Ministry of Labour's building in Havelock Road on February 9, 1991. (Photo credit: Ministry of Information and the Arts Collection, courtesy of National Archives of Singapore)



MOM's headquarters on Havelock Road has been the cornerstone of Singapore's workforce development since its opening in 1991, supporting the mission to develop a productive workforce and progressive workplaces, ensuring better jobs and a secure retirement for Singaporeans. (Photo credit: MOM)



A report in *The Straits Times* on November 13, 1998, detailing the National Wages Council's revised wage guidelines in response to the Asian Financial Crisis. (Photo credit: [The Straits Times] © SPH Media Limited. Permission required for reproduction.)



Article on the Tripartite Golf Tournament held at Orchid Country Club in October 1994. Tripartism has been continuously strengthened through both formal and informal platforms such as this. (Photo credit: NTUC)



A report in *The Straits Times* on February 12, 1999 on the opening of the Bukit Merah Skills Development Centre. It reflected the tripartite partners' strong emphasis on adult skills amid a series of economic crises in the late 1990s and early 2000s. (Photo credit: [The Straits Times] © SPH Media Limited. Permission required for reproduction.)



(From left) Deputy Prime Minister Lee Hsien Loong, Minister for Manpower Lee Boon Yang, Minister for Education Teo Chee Hean, and MOM Permanent Secretary Tan Chin Nam, at the launch of Manpower 21 on August 31, 1999. (Photo credit: Ministry of Information and the Arts Collection, courtesy of National Archives of Singapore)



Divisional Director for Occupational Safety and Health Ho Siong Hin speaking to reporters during a tour of a construction worksite to raise awareness of safety measures. (Photo credit: MOM)



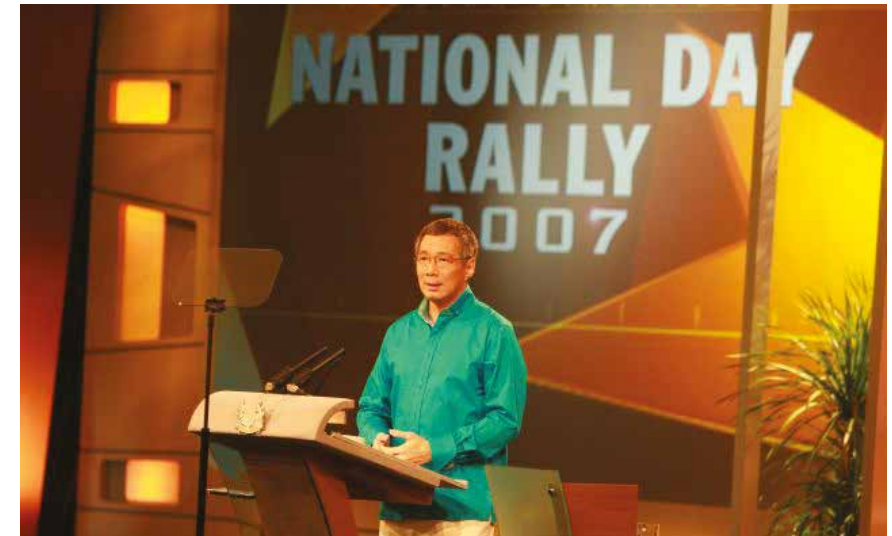
Article in *The New Paper* on August 31, 1999 on the strategies of the Manpower 21 Plan to prepare Singapore's workforce for the knowledge economy. (Photo credit: [The New Paper] © SPH Media Limited. Permission required for reproduction.)



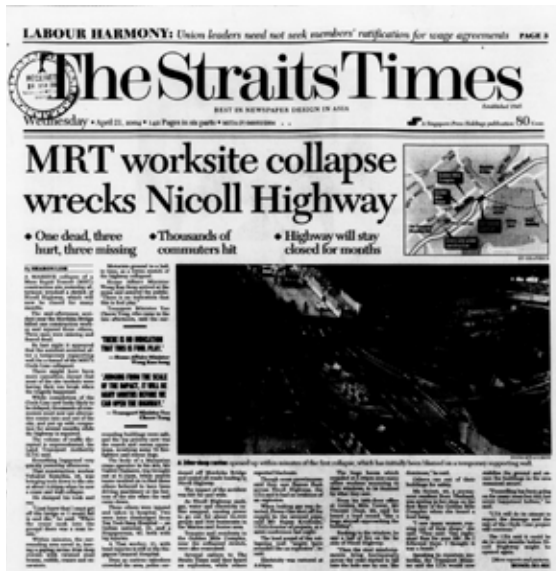
(From left) MOM Permanent Secretary Yong Ying-I, Prime Minister Goh Chok Tong, Minister for Manpower Ng Eng Hen, and SNEF President Stephen Lee look on as NTUC Secretary-General Lim Boon Heng spells out the acronym of the Singapore Workforce Development Agency (WDA) at its launch on September 17, 2003. (Photo credit: Ministry of Information and the Arts Collection, courtesy of National Archives of Singapore)



Prime Minister Goh Chok Tong with WDA Chief Executive Officer Leo Yip at the launch of the WDA on September 17, 2003. WDA was set up to coordinate continuing education and training and facilitate employment at a national level. (Photo credit: Ministry of Information and the Arts Collection, courtesy of National Archives of Singapore)



In Prime Minister Lee Hsien Loong's 2007 National Day Rally speech, he announced that a new re-employment legislation would be rolled out by 2012. (Photo credit: Ministry of Information and the Arts Collection, courtesy of National Archives of Singapore)



Article in *The Straits Times* on April 21, 2004 on the Nicoll Highway collapse. MOM reformed the national framework for Workplace Safety and Health (WSH) with the WSH Act on March 1, 2006. (Photo credit: [The Straits Times] © SPH Media Limited. Permission required for reproduction.)



The self check-in kiosks in the Employment Pass Services Centre that opened in 2009, which was redesigned using modern design thinking methods. The centre was an early showcase of customer-centricity in Government services. (Photo credit: MOM)



A tripartite delegation shared how Singapore responded to the Global Financial Crisis at the International Labour Conference in June 2010. It included (second row, far left) MOM Permanent Secretary Loh Khum Yean, (front row, from second-left) SNEF President Stephen Lee, NTUC Deputy Secretary-General Halimah Jacob, Manpower Minister Gan Kim Yong, and NTUC Secretary-General Lim Swee Say. (Photo credit: NTUC)



A report in *The Straits Times* on November 28, 2012 describing the illegal strike by 171 SMRT bus drivers. MOM officers facilitated talks between SMRT management and the bus drivers to address the drivers' grievances. (Photo credit: [The Straits Times] © SPH Media Limited. Permission required for reproduction.)



Opened in 2012, the MOM Services Centre on Bendemeer Road serves as a one-stop hub for employment-related services, offering an integrated service experience for both employers and workers. (Photo credit: MOM)



The 2013 edition of the National Workplace Safety and Health Campaign organised by the Workplace Safety and Health Council. (Photo credit: WSH Council)





Article in *The Straits Times* on December 9, 2013 on the Little India riot. While the Committee of Inquiry determined that employment and living conditions were not a contributing factor, the incident reinforced MOM's commitment to improving the well-being of migrant workers in Singapore. (Photo credit: [The Straits Times] © SPH Media Limited. Permission required for reproduction.)



(From left) MOM Senior Parliamentary Secretary Low Yen Ling, MOM Permanent Secretary Aubeck Kam, NTUC Secretary-General Ng Chee Meng, Manpower Minister Josephine Teo, SNEF President Robert Yap, NTUC Deputy Secretary-General Heng Chee How and SNEF Vice President Alexander C. Melchers at the release of the report of the Tripartite Workgroup on Older Workers in August 2019. (Photo credit: MOM)



(From left) NTUC President Diana Chia, NTUC Secretary-General Chan Chun Sing, SNEF President Robert Yap, International Labour Organization Director-General Guy Ryder, Manpower Minister Lim Swee Say, and former SNEF President Stephen Lee, at the International Forum on Tripartism on October 26, 2015. The Forum was attended by 800 tripartite representatives from over 30 countries. (Photo credit: © Marcel Crozet / ILO<sup>1</sup>)

<sup>1</sup>This image is licensed under CC BY-NC-ND 3.0 IGO. Source: <https://www.flickr.com/photos/ilopictures/22598153385>.



Manpower Minister Josephine Teo and Second Minister for Manpower Tan See Leng observing operations at a vaccination centre at Seletar East Camp on May 2, 2021. Frontline officers from MOM's ACE Group worked tirelessly during the COVID-19 pandemic to safeguard the well-being of migrant workers. (Photo credit: MOM)



During the COVID-19 pandemic, Forward Assurance and Support Teams (FAST) and medical workers were deployed to migrant worker dormitories across Singapore to ensure their residents' well-being. *(Photo credit: MHA)*



Manpower Minister Tan See Leng and SNEF President Tan Hee Teck at a dialogue with business leaders on the Workplace Fairness legislation in September 2023. *(Photo credit: MOM)*



Senior Minister of State for Manpower Zaqq Mohamad (centre) and NTUC Deputy Secretary-General Koh Poh Koon (second from right) at a visit to SembWaste on January 26, 2021. The visit was part of the engagement efforts of the Tripartite Workgroup on Lower-Wage Workers. *(Photo credit: MOM)*



(Fifth from left onwards) MOM Permanent Secretary (Development) Chia Der Jiun, MOM Permanent Secretary Ng Chee Khern, MOM Divisional Director of the Work Pass Division Penny Han, MOM Deputy Secretary (Workforce) Kenny Tan and staff at an event to recognise the launch of the Work Pass Integrated System on August 22, 2023. The product was recognised for seamless service delivery. *(Photo credit: MOM)*



Deputy Prime Minister Lawrence Wong (centre) speaking at a Forward Singapore press conference on October 27, 2023. Minister for Manpower Tan See Leng (pictured on the right) was one of the people leading the Empower Pillar on economy and jobs. (Photo credit: [The Straits Times] © SPH Media Limited. Permission required for reproduction.)



MOM Permanent Secretary Ng Chee Khern (seated, far left) and Minister for Manpower Tan See Leng (seated, second from left) at a Committee of Supply meeting with MOM staff in 2024. (Photo credit: MOM)



Human resources professionals at a discussion with Minister of State for Manpower Gan Siow Huang (third from right) and SNEF Executive Director Sim Gim Guan (second from right) on January 16, 2024, on the Tripartite Guidelines on Flexible Work Arrangement Requests. (Photo credit: MOM)



WSG's Senior Career Coach Indira Ramsundran (right) providing guidance to a jobseeker. WSG empowers Singaporeans to chart long-term career pathways and realise their potential. (Photo credit: Workforce Singapore)



MOM Permanent Secretary Ng Chee Khern addresses tripartite partners and staff on MOM's policy, business and organisational transformation efforts at the MOM Workplan Seminar on May 13, 2024. (Photo credit: MOM)



(From third from left) MOM Permanent Secretary Ng Chee Khern, SNEF President Tan Hee Teck, NWC Chairman Peter Seah, NTUC President K. Thanalechimi at an NWC meeting on October 2, 2024. (Photo credit: MOM)

# THE STRAITS TIMES

## S'pore platform workers to get better protection under new law

**They will come under distinct legal category in between employees and self-employed**

**By Andrew**

SINGAPORE'S platform workers, who are not currently covered by the Employment Act, will be protected under a new law that will place them in a distinct legal category between employees and self-employed workers.

The new law, the Platform Workers Act, was passed by Parliament on September 11, 2024. It will take effect from January 1, 2025.

The law will provide platform workers with a range of protections, including the right to a minimum wage, a maximum working hour, and a right to a safe and sound working environment. It will also provide them with a right to a fair and equitable process for resolving disputes.

The law will also provide platform workers with a right to a fair and equitable process for resolving disputes. This will include a right to a fair and equitable process for resolving disputes.

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A report in *The Straits Times* on September 11, 2024 describing the passing of the Platform Workers Bill. Singapore was one of the first in the world to formally recognise and protect platform workers. (Photo credit: [The Straits Times] © SPH Media Limited. Permission required for reproduction.)



Migrant domestic workers celebrate International Migrants Day on December 8, 2024 at an event organised by the Centre for Domestic Employees. (Photo credit: Centre for Domestic Employees)



Minister for Manpower Tan See Leng and Senior Minister of State for Manpower Koh Poh Koon visit the construction site of MOM's first built-and-owned Purpose-Built Dormitory at Tukang Innovation Lane. The dormitory is scheduled for completion by Q1 2026. *(Photo credit: MOM)*



Minister for Manpower Tan See Leng, Senior Minister of State for Manpower Zaqy Mohamad, Minister of State for Manpower Gan Siow Huang, and MOM Second Permanent Secretary Jeffrey Siow with staff after the Workplace Fairness Bill was passed in Parliament on January 8, 2025. *(Photo credit: MOM)*

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## **Productive and Inclusive Growth**

## Chapter 9

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# Towards a Manpower-Lean Economy

As Singapore grappled with reskilling the workforce, another labour issue was brewing: Workforce constraints were becoming more binding. With Singapore's ageing population and low birthrates, the rate of increase in Singapore's local workforce would inevitably slow and plateau over time.

The proportion of Singapore residents aged 65 and older had risen steadily, from 6 per cent in 1990 to 7.2 per cent in 2000 and 9.0 per cent in 2010.<sup>1</sup> Meanwhile, Singapore's resident total fertility rates slowed from 1.83 births per woman in 1990 to 1.15 births by 2010.<sup>2</sup> Over those two decades, Singapore's total workforce roughly doubled,<sup>3</sup> largely because of increasing female worker participation rates as well as growth of the foreign workforce.

During the crises of the early 2000s, the country leaned in on a rapid increase in the migrant workforce to fill jobs that Singaporeans were reluctant to take up, and to help employers maintain cost competitiveness to support the economy's recovery from global slowdowns. At the same time, Singapore needed to

augment the local workforce with international talents in the Professionals, Managers, Executives and Technicians (PMET) category, as it had embarked on restructuring into a knowledge-driven economy starting in the late 1990s.

As Dr Lee Boon Yang, who served as Minister for Labour and then Minister for Manpower from 1992 to 2003, noted, Singapore initially launched “a very generous employment pass scheme”, which had no foreign worker quotas for employers and restrictions on which geographical locations these workers were sourced from. “We needed these higher-skilled workers, and we also needed lower-skilled Work Permit workers who would build our HDB flats and man our shipyards,” he explained in an interview. Between 2005 and 2009, Singapore’s non-resident workforce grew 57 per cent to over 1.05 million, making up 35.2 per cent of the total workforce in December 2009.<sup>4</sup> Nearly half of these foreign workers were in the services sector, and about a quarter each in manufacturing and construction.<sup>5</sup> Excluding migrant domestic workers, foreigners’ share of employment reached 31.4 per cent in December 2008 before easing to a 30.7 per cent share in December 2009.<sup>6</sup>

But by the end of the decade, the country could no longer absorb the inflow of migrant workers at the same rate as before, amid rising social and infrastructure constraints. There was growing awareness that Singapore would have to limit its reliance on foreign labour, as the buildup in the foreign workforce put pressure on the country’s resources.

There was also the issue of flagging productivity. Annual average productivity growth from 2004 to 2009 declined by about 1 per cent.<sup>7</sup> Meanwhile, the wages for the bottom 20th percentile of working Singaporeans, also known as “P20 wages”, stagnated between 2001 and 2010, with real income rising only 0.3 per cent over the decade.<sup>8</sup> More worryingly, there were signs that companies

were becoming too reliant on foreign manpower and not doing enough to invest in technology and automation to boost productivity. Singapore’s economic growth was increasingly driven not by productivity, but by increases in manpower. “At one point, we had 0 per cent growth in productivity and 4 per cent growth in manpower,” recalled former Minister for Manpower Mr Lim Swee Say in an interview for this book.<sup>9</sup> “We were taking the easy way out to grow our economy: we were pumping in manpower, be it local or foreign manpower, so this was a brute force way of growing the economy. Obviously, that was not sustainable.”

Speaking at the Nanyang Technological University Student Union’s Ministerial Forum in September 2009,<sup>10</sup> then-Prime Minister Mr Lee Hsien Loong observed that foreign workers had a crucial role to play in the country’s economy, but Singapore could no longer absorb them at the same rate as it did before the Global Financial Crisis. He acknowledged that many Singaporeans were worried and fearful about the impact of foreign workers, which had numbered nearly 1 million in Singapore, on their jobs and job prospects. Many locals were unsettled by the seeming cultural disconnect in places like hawker centres and even fast-food restaurants, due to the language barrier with the foreign workers whom they were served by.

“First of all, we cannot expect to continue booming as we have done up to 2007. I think after the crisis, the world economy has changed and it will be quite some time before it picks up like this again. But we were in an exceptional situation; we permitted the surge to respond to this extraordinary opportunity,” said Mr Lee Hsien Loong. “We always knew that we could not sustain this inflow indefinitely although we also knew that over the long term, we need to bring in a continuing flow of immigrants... We will moderate the inflows both for foreign workers and also for immigrants which means for permanent residents and new citizens.”



Instead of focusing on growth per se, the Government decided to turn its attention to quality growth instead – a type of growth that was inclusive, sustainable, and powered by productivity gains, even if it was likely to be slower than in the past. As then-Minister Mentor Mr Lee Kuan Yew had pointed out in 2010: “We’ve grown in the last five years by just importing labour. Now, the people feel uncomfortable, there are too many foreigners. Trains are overcrowded with foreigners, buses too, property prices have gone up because foreigners with permanent residence are buying into the market.”<sup>11</sup> The answer, said Mr Lee Kuan Yew, was simple: do more with less.

### **Ensuring a Sustainable Foreign Workforce**

The Government laid out its plans to adopt a new approach to economic growth, one that had a keen focus on productivity. It was announced by then-Finance Minister Mr Tharman Shanmugaratnam in Budget 2010,<sup>12</sup> arising from the recommendations of the Economic Strategies Committee which he had chaired. In a Budget statement where the word “productivity” was mentioned an unprecedented 72 times, Mr Tharman Shanmugaratnam explained that while the influx in foreign workers from 2004 to 2007 had boosted Singaporeans’ jobs and incomes, a growing dependence on foreign workers was unwise.

“The upshot is that by allowing in foreign workers so that we could go for growth in the good years, we reduced unemployment and raised wages for Singaporeans after the standstill in the first part of the decade...This was therefore not a strategy of ‘growth at all costs’, but of growing our economy to raise Singaporean incomes.”

But with global economic conditions changing rapidly, and the local labour force itself seeing significant slower growth, Singapore had to shift gears. Economic

growth had to focus on labour productivity growth rather than its other component, employment growth. The goal, he said, was to grow Singapore’s productivity by 2 to 3 per cent a year over the next decade. This was double the 1 per cent achieved in the previous decade. “Raising skills and productivity is the only viable way we can achieve higher wages, and it is the best way to help citizens with low incomes,” stressed Mr Tharman Shanmugaratnam. “If we achieve this goal, we can raise real incomes by one-third in 10 years. It will also allow us to maintain a healthy rate of economic growth of 3 per cent to 5 per cent a year, even with slower growth of our workforce.”

To achieve this new course, the Government announced its plans to restructure the economy as a whole towards higher-value activities, provide strong incentives for individual industries and firms to innovate and upgrade productivity, and to invest in people by developing a first class system of continuing education and training over the decade.

However, to complement these strategies, the Government had to reduce companies’ reliance on foreign workers. He pointed out that “growing our dependence on foreign workers is not a sustainable strategy for the long term. It will reduce the incentive for employers to upgrade their operations and raise productivity. We will also run up against the social and physical limits that an ever-increasing proportion of foreigners in our workforce would bring”.<sup>13</sup>

But the Government would reduce firms’ dependence in a calibrated manner, he emphasised. The aim for the next decade or so until 2020 was not to slash the number of foreign workers in Singapore but to moderate demand and ensure that they do not exceed the existing one-third proportion of the total workforce – with the remaining two-thirds comprising what has become known as the “Singaporean core” of local workers.

## Levies and Quotas as a Productivity Lever

For MOM, this new approach to economic growth meant having to take a closer look at how to wean companies off foreign workers in a targeted fashion. A key policy measure was raising levy rates for S Passes and Work Permits.<sup>14</sup>

Then-Minister for Manpower Mr Gan Kim Yong explained during Budget 2010 that the changes were not meant to stop companies from gaining access to foreign workers but to nudge them towards more productive operations through the pricing mechanism.<sup>15</sup> “The levy tiers will allow growth companies to continue to have access to foreign workers but encourage employers to improve their productivity and reduce their reliance on foreign workers,” said Mr Gan Kim Yong. “We will further differentiate the levy rates between the skilled and unskilled Work Permit holders to encourage companies that need foreign workers to employ better skilled and thereby more productive ones.”

The changes would gradually kick in over two years to give companies time to adjust to the new realities and invest in productivity measures. But the news drew consternation and complaints from companies, especially those in sectors that traditionally did not attract Singaporeans, such as construction. Dialogue sessions with private sector firms and business associations also highlighted the concerns from employers. Many believed that raising the costs of foreign workers would also hurt them even as they grappled with the fallout from the financial crisis.

But MOM held firm. Reiterating the Ministry’s stance in March 2011, Mr Gan Kim Yong maintained: “If we do not catch up quickly on productivity, the gap with our competitors, the team ahead of us, will widen and we will lose our competitiveness over time...We must, therefore, push ahead with our efforts to reduce reliance on foreign manpower and create the necessary impetus for employers to turn to productivity improvement instead.”<sup>16</sup>

Despite Mr Gan Kim Yong’s reaffirmation of the Government’s stance to recalibrate foreign workforce numbers and focus on improving Singaporeans’ productivity levels, public concerns about the social and economic impact of foreigners making up one-third of the workforce persisted.

In 2011, the Government doubled down on controlling the growth of the foreign workforce. Levies were further raised after Singapore’s economy rebounded 14.5 per cent in 2010. In particular, from 2011 to 2013, S Pass levies were raised by nearly 60 per cent from S\$190 to S\$300 to moderate the demand for such workers, which had more than doubled since 2007.<sup>17</sup> MOM continued to tweak the levy tiers across the various work passes to ensure a delicate balance between allowing companies to tap the strategic strengths of having a complementary foreign workforce and also pushing ahead with productivity growth.<sup>18</sup>

These levy increases were complemented by moves to tighten the foreign worker quota by reducing the Dependency Ratio Ceilings (DRCs), which specify the maximum proportion of foreign workers that companies in various industries can hire. In 2012, the Government cut the DRC for the manufacturing sector from 65 per cent to 60 per cent, and the DRC for the services sector from 50 per cent to 45 per cent.<sup>19</sup> S Pass holders were also reduced by five percentage points to 20 per cent.<sup>20</sup> These DRC changes worked in tandem with increases in foreign levies to curb companies in the affected industries from bringing in even more new foreign workers. At the same time, to compensate for the resulting manpower crunch, particularly in the services industry, incentives such as the Special Employment Credit were offered to SMEs to hire Singaporean workers above 50 years old who earned up to S\$3,000 a month.<sup>21</sup>

By the time Mr Lim Swee Say took over as Manpower Minister in 2015, the policies were already taking effect. The overall annual foreign workforce growth in Singapore had slowed significantly from 144,500 in 2007 to 34,000 in 2014.<sup>22</sup> More importantly, the slowdown took place across all sectors, from

services to manufacturing and construction. But to Mr Lim Swee Say, achieving the slowdown was just the first step. The bigger and more important goal was to achieve a manpower-lean economy. This was crucial in ensuring that the country stayed on the path of sustainable growth that was one-third driven by manpower expansion, and two-thirds driven by productivity gains.

Analyses done by economists at MTI showed that when it came to productivity growth, the economy was essentially on two tracks. External-oriented sectors such as manufacturing, financial services, and wholesale trade were achieving solid productivity gains, as measured by real value-added (VA) per actual hour worked. On the other hand, domestic-oriented industries such as construction and food services were not doing as well. These studies showed that the domestic sector was, in fact, weighing down overall productivity.<sup>23</sup> The difficulty was that these sectors were also the same ones that needed foreign manpower because Singaporeans were not keen on the jobs they offered.

MOM reassured local enterprises that while the Government aimed to hold to the 2:1 ratio at the overall economy level, a higher proportion of migrant workers would be permitted in labour-intensive sectors such as construction, cleaning, and other lower-value industries.

At the same time, it would provide support to help enterprises in these sectors enhance productivity, particularly for companies that struggled with hiring locals for “triple-low” – low-wage, low-skill, and low-productivity – jobs that might keep them mired in the low-skill trap. “Singaporeans did not want these jobs, so the companies came to MOM and said: ‘Give us more manpower,’” recalled Mr Lim Swee Say in an interview for this book.<sup>24</sup>

When weighing how to help these affected industries, MOM had to tread carefully to calibrate the rise in these companies’ share of the overall workforce. It wanted to avoid the “negative shift share effect”, where overall productivity

is weighed down by an increase in the share of employment held by the less productive, domestically-oriented sectors, at the expense of the more productive, outward-oriented ones.

For Mr Lim Swee Say, even though doubling down on the productivity-led strategy was painful and difficult, there was no other way. “When I came to MOM, I was very determined to counter this negative shift share. If we keep feeding more and more manpower into the labour-intensive sectors, not only will it pull down our overall productivity growth, at the same time, it will increase the demand for foreign workers,” he said. “The emphasis during my time with MOM is to go for manpower-lean growth. This means that if you are already labour-intensive, I will encourage you to be less labour-intensive. If you are already in the high value-added category, you must still be manpower-lean to keep growing in your sector.”

To truly empower these industries to become more productive and attract workers, the Government needed to address root causes such as upgrading skills, augmenting Singapore’s competitiveness as a knowledge-driven economy, and helping SMEs to enhance the competitiveness of their business models. Only when these issues were tackled holistically would Singapore be able to attain the kind of manpower-lean growth that would enable Singaporeans to enjoy sustainable wage growth.

### **Implementing a Fair Consideration Framework**

Employers, including multinational corporations, wondered if Singapore was turning inwards, alongside the wave of right-wing populism in Western democracies. It was a common refrain that Mr Lim Swee Say had to deal with when he met international companies based here. “We had to tell them that our push towards one-third plus two-third was not inward-looking, but more looking at how we can transition towards being manpower-lean,” he said.

Mr Lim Swee Say and his team approached the various international Chambers of Commerce to reassure them that Singapore remained open and welcoming of skilled foreign talent, in line with its position as a top global business hub. “We went to each Chamber – Korea, Japan, the British, China, and so on – with this message: Our door is still open to foreign manpower and talent, but on one condition – you must not discriminate against the locals,” he recounted.

To encourage employers to adjust their hiring and employment policies, MOM introduced the Fair Consideration Framework (FCF), which was aligned with the Tripartite Guidelines on Fair Employment Practices. This set of guidelines, which took effect in 2014, sought to ensure that companies considered Singaporeans for all job openings fairly. If a company were to pick a foreign worker and discriminate against a Singapore candidate by not giving him or her an equal shot at getting hired, it might be restricted from hiring foreign workers. The Fair Consideration Framework Watchlist also identified companies with weaker workforce profiles – an overly-high dependence on foreigners or foreigners from a single nationality, for closer scrutiny. They would also be referred to the Tripartite Alliance for Fair and Progressive Employment Practices (TAFEP), an agency that promotes fair employment practices in the workplace, to improve their hiring practices.

These initiatives collectively supported MOM’s goal, which Mr Lim Swee Say dubbed  $1/3 + 2/3$  is greater than 1. Explaining why the sum was more than its individual parts, he said: “With good employers making good use of the skills and capabilities of our local workforce while hiring foreign workers to complement and supplement shortages and mismatches in our labour market, we will be able to create synergies between our  $2/3$  local workforce and  $1/3$  foreign workforce to compete better together as one Singapore workforce for global investments and jobs, thus yielding a result greater than one.”<sup>25</sup>

“Conversely, allowing bad employers to hire more foreign manpower to displace and deny local manpower a fair chance of employment would yield a result that is ‘less than one’. Such hiring practices undermined the overall goal of strengthening the Singaporean core as we create better jobs with better wages in our economy,” he added.

### **Transforming Industries to Adapt to Manpower-Lean Growth**

Slowing the growth of the foreign workforce was a big part of the equation to move Singapore towards a manpower-lean economy. The second essential component of the push was to transform companies and industries. From the time the shift in economic course was announced in Budget 2010, major schemes were introduced to help businesses enhance their processes with technology and upskill their workers. Schemes like the Productivity Solutions Grant, launched in April 2018,<sup>26</sup> were designed to provide financial support for business owners to adopt pre-scoped IT solutions, equipment, and consultancy services to improve productivity.

Former MOM Permanent Secretary Mr Loh Khum Yean recounted the example of how the furniture industry, which was once seen as a sunset sector besieged by challenges from global price competition, successfully transformed through proactive business leadership, and aided by agencies like MTI and MOM. “The furniture industry association banded together and forged a new business model: a lot of manpower and processes were shifted overseas but furniture design and other higher-end activities were retained in Singapore,” said Mr Loh Khum Yean. “The industry association members sought government assistance to change their model and become productive again.”

Armed with the Retail Industry Digital Plan, the Infocomm Media Development Authority worked closely with furniture companies to develop a digital

technology roadmap specifically for furniture retailers to improve online and offline customer experiences while helping these retailers streamline their processes using data analytics and other digital solutions. This was complemented by a Furniture Industry Roadmap that aimed to make Singapore an Asian hub for quality furniture,<sup>27</sup> as well as a Retail Jobs Transformation Map that the furniture industry could tap on for insights and guidance on reskilling their workforce.

These three tools – industry roadmaps such as the Industry Transformation Maps (ITMs) introduced in 2016, Jobs Transformation Maps from 2016, and the Industry Digital Plans launched in 2017 – accelerated Singapore’s overall labour productivity over the years. In 2021, Mr Heng Swee Keat, then-Deputy Prime Minister and Minister for Finance, told Parliament that the ITMs have charted “the path forward for each sector to be competitive, so that our people can access good jobs and opportunities which improve their lives”.<sup>28</sup>

Mr Heng Swee Keat noted that between 2016 and 2019, Singapore’s productivity – as measured by real VA per actual hour worked – improved significantly. “Ultimately, we transform our economy for the benefit of our people,” he said, noting that Singapore’s improved productivity led to a 3.7 per cent annual rise in real median income (including employer CPF contributions) from 2016 to 2019, higher than the 3.2 per cent per annum growth in the preceding three years.

In recent years, the ITMs have continued to propel these industries’ performance. Between 2016 and 2023, the ITM sectors registered overall real VA growth of 3.5 per cent annually, with most outward-oriented ITM sectors expanding robustly, registering a growth of 4.2 per cent per year overall in the same period.<sup>29</sup> This included sectors such as the Information & Communications, Electronics, Precision Engineering, Financial Services, and Wholesale Trade sectors, whose

growth rates ranged from 3.1 per cent to over 9 per cent. Pandemic-hit ITM sectors such as Hotels and Built Environment, however, saw growth contract.

MOM’s policies to move Singapore towards a manpower-lean and productivity-led growth model have been largely successful. This has translated into rising incomes for Singapore households. According to DOS, the median household income from work among resident households rose by 3.3 per cent per annum, from S\$5,600 in 2010 to S\$7,744 in 2020.<sup>30</sup> After adjusting for inflation, this meant that real incomes rose by 1.9 per cent per annum.<sup>31</sup> This pace of increase was faster than the 1.6 per cent rise per annum in real terms the decade before.<sup>32</sup> Ensuring that Singaporeans benefit from economic growth remains as important as growing the economy itself.

## Chapter 10

# No One Left Behind: Helping Lower-Wage Workers

By the 2000s, Singapore had grown into an advanced economy. As the country entered a new millennium, however, a new challenge emerged. Structural changes in the global and local economy, along with social and educational changes saw a rise in income and wealth gaps, with sections of the populace finding it difficult to catch up.

This presented the Government with the challenge of helping these lower-wage workers keep pace with economic development, which in turn necessitated an integrated approach that would not only boost their incomes but also ensure that they received the right training and support to adapt to ongoing and future changes.

The result of the efforts was the concept of Workfare, which came from a report of the Ministerial Committee on Low Wage Workers set up in 2006. Today, the Workfare Income Supplement (WIS) together with the Silver Support Scheme have become key components of Singapore's social security system, alongside the Central Provident Fund (CPF) which serves to meet retirement, healthcare, and housing needs.

## Uplifting Our Lower-Wage Workers

Amid the Government's efforts to transform businesses and the workforce to create new competitive advantages and fire up new engines of growth, there was a segment of society that remained unable to adapt to these changes and benefit more fully from the country's economic growth and prosperity.

These included Singaporeans who had dropped out of school in the 1960s, and thus lacked the skills or education to take advantage of the new jobs being created. They were often also the first to be retrenched, and faced increasing competition from younger local workers as well as foreign workers.

Dr Ng Eng Hen, who was Minister for Manpower between 2004 and 2008, said in an interview for this book that the challenge of helping this group adapt to the changes was not one that could be easily addressed. "You could say, they're capable of being trained, so let's retrain them. But there's a structural mismatch. They're in their 50s and PSLE (Primary School Leaving Examination) is their highest education. They've been out of school for 30 years, and are now competing with new entrants who are ITE graduates."<sup>1</sup>

"For the better part of 20 years, we were really focusing on pre-employment," added Dr Ng Eng Hen. "The pass rate for the PSLE was 60 per cent,<sup>2</sup> which meant you had 40 per cent who didn't pass and were then out into the workforce."

These rapid developments in the economy resulted in the wages of older and lower-wage workers falling even further behind those of younger, higher-skilled and higher-educated counterparts. Even when the job market was buoyant between 2004 and 2006, the real income of resident workers at the 20th percentile fell by 1.4 per cent.<sup>3</sup> Between 2000 and 2005, the average monthly household employment income in the first two deciles fell in real terms, even as the real household income of the 9th and 10th deciles rose.<sup>4</sup>

Not surprisingly, Singapore's Gini co-efficient rose from 0.442 in 2000 to 0.465 in 2005.<sup>5</sup> The issue was not just one of inequality – for some degree of income inequality was always inevitable in a growing economy – but one of real wage stagnation and structural unemployment.

### **A Government-Wide Effort**

In July 2005, then-Prime Minister Mr Lee Hsien Loong convened the Ministerial Committee on Low Wage Workers, led by Dr Ng Eng Hen. The committee was tasked to recommend measures to improve employability and income security for lower-wage workers and help their families break out of the poverty cycle.<sup>6</sup>

Between September and November that year, the Committee consulted extensively with employers, unionists, community and social sector leaders, lower-wage workers and the general public to seek public feedback on how to improve the employability and uplift the wages of lower-wage workers. About 20 communication sessions and activities, involving about 2,500 stakeholders, were organised.<sup>7</sup>

The end result of this effort to uplift the wages of lower-wage workers and ensure that no one was left behind, was a package of recommendations that included the WIS, an additional CPF housing grant, and the Workforce Skills Qualifications (WSQ) system. It subsequently set in motion a mindset change that years later spurred other policies and programmes aimed at improving workers' wages and work environment, such as the Progressive Wage Model, Workright, and Workfare Skills Support.

### **Why Workfare and Not Welfare**

At the heart of the Workfare package was the philosophy of self-reliance. Unlike the social assistance schemes provided by many other welfare states, Workfare revolved around the idea of workers continuing to work, with the state playing the role of supporting – rather than replacing – individual and community responsibility. This, as the Government saw it, was a more sustainable means of supporting this group. As an article in *Ethos* noted, “Workfare aims to incentivise work and increase opportunities for lower-wage workers to support themselves, build assets, and facilitate social mobility.”<sup>8</sup>

In a speech in 2007, Dr Ng Eng Hen stressed the importance of rewarding self-reliance instead of distributing welfare. “It was clear what we did not want – welfare, because it would erode the very work ethic which was the bedrock of our success, and wage equality, which was not the economic system that encourages drive, innovation, and growth. We were after equity and opportunities – where a worker could benefit from growth if he tried,” he said.<sup>9</sup>

The concept behind Workfare was not new: similar work-based welfare reforms had been tested out successfully in other jurisdictions such as Wisconsin in the United States, where tying aid to work helped to boost employment while reducing dependency on welfare. It was a philosophy that resonated with policymakers in Singapore, which had always placed a strong emphasis on self-reliance.<sup>10</sup>

As the Committee noted in its January 2006 report, “The test of progressive societies is not whether these lower income earners exist, but if they have the opportunities to work and benefit from economic progress.”

The concept of Workfare was based on four principles:

1. Continued economic growth and job creation for Singapore was the best assurance of a better future for lower-wage workers, which meant that companies and the labour force needed to remain competitive and flexible.
2. Efforts to help lower-wage workers must reinforce Singapore's strong work ethic and not erode the principle that people should work to support their family. This was seen as critical for the country's continued success as a society as well as for its economy.
3. Increasing opportunities for upward mobility should be the main means to help lower-wage workers and must be based on equity. Wages cannot be artificially propped up, for example, without improvements in productivity.
4. The focus should be kept on raising the skills and know-how of the next generation to create hope for their own future.

Flowing from these principles were the six spokes of Workfare, each of which led to several key recommendations:

1. **Work would be rewarded:** Workers would receive cash and CPF supplements as well as Housing Grants, which not only represented a reward for their work, but also supported the concept of self-reliance.
2. **Social support to enable work:** Support would be provided to help workers look after their dependents so they could return to work, through initiatives such as caregiving assistance programmes and enhancements of programmes to help people find jobs.
3. **Higher skills for better jobs:** Skills upgrading would be made more accessible to raise workers' employability and earning power, with the

WSQ system and enhanced funding for training ensuring more workers participate in upgrading programmes that would make them more employable and productive.

4. **Expand job opportunities:** More job opportunities would be created through programmes enabling companies to redesign their jobs for older workers and facilitate the entry of lower-wage workers into new and growing sectors.
5. **Creating hope for the future:** Children from vulnerable families would get more help to complete secondary and vocational education and learn employable skills so that they would be better placed to join the workforce.
6. **Sharing in the nation's progress:** The Government would continue sharing surpluses with lower-wage workers when the economy is doing well.

### The Fourth Pillar of Singapore's Social Security

Representing the first strategic thrust of "rewarding work" was the WIS, which sought to boost the effective incomes of lower-wage workers by incentivising efforts at work. Targeting Singaporean workers whose earnings are in the bottom 20 per cent, the WIS would raise the take-home pay for thousands of breadwinners and also encourage many others to find employment and stay employed.

This key recommendation of the Ministerial Committee on Low Wage Workers was a significant one, for it acknowledged that it was going to take more than skills upgrading to transform the livelihoods of lower-wage workers in the short and even longer term. As Dr Ng Eng Hen noted, the reality was that these workers not only faced the challenge of a structural mismatch in skills, but also competition from higher skilled workers.



“It was a very important, signature change,” he said in an interview for this book, recalling the discussions that led to the introduction of the WIS. “We recognised that there was a market challenge for senior workers with low academic qualifications, that even skills upgrading wasn’t enough. So we needed some, if you like, wage reform.”<sup>11</sup>

On accepting the Committee’s recommendation, the Government included a Workfare Bonus in its 2006 Budget.<sup>12</sup> In the following year, the Workfare Bonus also became a permanent fixture, together with the WIS.<sup>13</sup>

Over the years, the WIS was regularly enhanced to benefit more lower-wage workers and provide greater support. The qualifying wage ceiling and maximum annual payout (for those aged 60 and above) was raised to S\$2,500 and S\$4,200 respectively, in 2023, following increases in 2010, 2013, 2017, and 2020.

These enhancements meant that around 500,000 workers would benefit from the WIS payouts per year, especially older workers who were often left more vulnerable by changes in the labour landscape.<sup>14</sup> In 2024, MOM announced that the monthly income cap would be raised to S\$3,000, and payments up to S\$4,900 per year, in 2025.<sup>15</sup> By this time, a cumulative total of S\$10.5 billion had been paid to 1 million lower-wage workers.<sup>16</sup>

To help workers build up savings for longer-term needs like housing, medical and retirement, part of the WIS payouts were credited into their Ordinary, Medisave and Special or Retirement Accounts. Currently, 60 per cent of each worker’s payouts is credited into these accounts. Self-employed persons who made CPF contributions were also eligible for the WIS payouts.<sup>17</sup> This long-term approach to helping lower-wage workers improve their lot cemented WIS as the fourth pillar of Singapore’s social security.

Channelling a significant portion of the WIS payouts to a worker’s CPF, noted Dr Ng Eng Hen, emphasised the long-term approach of the Workfare philosophy. “It deals with his retirement needs, his job needs,” he said.<sup>18</sup>

### **A Holistic Approach**

Apart from providing the WIS, the Government was also focused on ensuring that workers continue supporting themselves on a sustainable basis.

The importance of taking a comprehensive, long-term approach to helping lower-wage workers was emphasised by then-Minister for Manpower Mr Gan Kim Yong in Parliament in 2011. Helping lower-wage workers was like a farmer looking after his crops. “The farmer wants the seedlings to grow strong, but he can’t pull the seedlings up to make them grow. He must take care of them with love and care. If he forces the seedlings to grow, they will end up withering instead. Therefore, we must continue to push forward our various incentives and schemes to help the lower-wage workers,” he said.<sup>19</sup>

**Workfare Training Support Scheme (WTSS):** In addition to the WSQ frameworks was the WTSS, which aimed to encourage lower-wage workers to equip themselves with better skills. Launched in 2010, the programme, which ran over three years, was replaced by the Workfare Skills Support (WSS) Scheme in 2020 with enhanced subsidies. As with earlier efforts to upskill workers, the WSS recognised that ultimately, a sustainable and long-term improvement of workers’ welfare requires skills upgrading and training. This was based on the fundamental principle that wage increases had to come on the back of increased productivity to be truly sustainable.

Over the years, these training support schemes have been enhanced: the training allowances and financial incentives under the Training Commitment Award

for Full Qualifications were raised to encourage more workers to attend and complete training, and the eligibility age threshold lowered to cover younger workers, among others.

The comprehensive approach to support lower-wage workers extended to workplace conditions. Notable programmes included:

**Workright:** Launched in 2012, Workright aimed to educate workers about their employment rights and step up enforcement of the Employment Act and Central Provident Fund Act.<sup>20</sup> It recognised that the impact of measures to help lower-wage workers could be hindered if they remained unaware of their employment rights. Workright featured public education initiatives and workplace inspections.

**WorkPro:** Introduced in April 2013 to re-create jobs so as to make them suitable for lower-wage workers and increase their productivity and efficiency,<sup>21</sup> WorkPro aimed to augment local manpower, foster progressive workplaces and strengthen the Singaporean core of the country's workforce. Grants were offered to employers to redesign their jobs and management practices to make their workplaces more age- and family-friendly. For example, they received help to adopt flexible work arrangements, and redesign workplaces and processes.<sup>22</sup>

**Workcare:** Introduced in 2019, the Workcare initiative aimed to improve the work environments of essential services workers and strengthen public appreciation for their contributions to society. Under this initiative, Workcare Grants were made available to building owners, with funding of up to 80 per cent of the costs of setting up or enhancing rest areas for outsourced workers such as cleaners, security officers, and landscape maintenance workers.<sup>23</sup>

## A Long-Term, Ongoing Challenge

The policies and programmes to uplift lower-wage workers since the 2000s have produced good outcomes. The Gini coefficient has improved to 0.463 in 2013 and 0.433 in 2023. The numbers are even lower – 0.409 and 0.371 respectively – if Government transfers and taxes are taken into account.<sup>24</sup> Real incomes of resident workers at the 20th percentile rose by 2.8 per cent a year between 2014 and 2024, compared with 2.2 per cent a year for the median worker.<sup>25</sup>

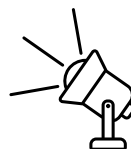
But as the economy continued to evolve, there remained a need to look for other creative measures to uplift lower-wage workers. The Progressive Wage Model, described in the next Spotlight, is an example.

This challenge to help lower-wage workers is a long-term one. “It is an unending challenge because all countries, including Singapore, want their workers to earn higher incomes and wages, and get a better job and better life,” noted Mr Lim Swee Say, who was Minister for Manpower from 2015 to 2018, in an interview for this book. “At the same time, competition is global, so it is always a constant challenge to manage wage increases. As wages and productivity go up, we need to ensure that as a whole, we are still competitive.”<sup>26</sup>

*Spotlight chapters highlight key topics that span multiple eras, and how MOM took unique approaches to address them.*

This spotlight takes a look at how Singapore took a novel approach to uplift lower-wage workers.

## A Wage and Skills Ladder



Singapore's Progressive Wage Model (PWM) was introduced in 2012, initially to address stagnant wages in the cleaning sector. By 2016, it had expanded to the security and landscaping sectors.

The unique wage model creates wage levels that correspond to different skill levels and job responsibilities. As workers upgrade themselves, they receive higher pay. It not only helps to uplift lower-wage workers but also places a strong emphasis on upgrading their skills and increasing their productivity. The PWM has since grown into a national programme that supports over 155,000 workers across nine different sectors and occupations.

### **A Shift in Thinking**

In many ways, the PWM was the culmination of years of work done by both the labour movement and the Government to tackle a persistent

problem: low wages for low-skilled workers.

While earlier skills development programmes such as the Skills Redevelopment Programme in 1996 and the Job Re-creation Programme (JRP) in 2005 did help to raise the skills and consequently wages of thousands of lower-wage workers, there was still a group of workers whose wages remained stagnant. Many of them were concentrated in industries such as cleaning, landscaping, and security, among others. These industries which relied on outsourcing their services, suffered from a common problem, one that then-NTUC Assistant Secretary-General Mr Zainal Sapari called “cheap sourcing”, where companies submitted low bids to win contracts and so only hired workers at lower wages. “Cheap sourcing services have been a perennial concern for the Labour Movement, especially when they affect the welfare and job security of workers...(It) has resulted in the industry being caught in a vicious cycle with service providers quoting the lowest bid and finding it challenging to embark on productivity efforts,” said Mr Zainal Sapari.<sup>1</sup>

These sectors struggled to attract younger locals and often relied on senior and foreign workers. Low technology adoption and productivity were also problems in these sectors; workers were reluctant to attend training programmes because they saw little opportunity for career progression and income growth. The low wage issue was further exacerbated by the 2008 Global Financial Crisis.

Speaking in Parliament in his 2013 Budget Statement, then-Deputy Prime Minister and Minister for Finance Mr Tharman Shanmugaratnam noted that while the median Singaporean household income per

member had grown by 14 per cent over the past five years since the crisis, “many Singaporeans who work in jobs at the lower rungs of the income ladder, especially cleaners, waiters, and security guards, have not fared as well”, having seen “little or no rise in their real incomes”.<sup>2</sup>

Initially, the Tripartite Cluster for Cleaners proposed a S\$1,000 wage floor for cleaners.<sup>3</sup> However, Mr Lim Swee Say, who served as Secretary-General of NTUC from 2006 to 2015 and then Minister for Manpower from 2015 to 2018, was sceptical of the minimum wage approach. “I had three reservations about setting just a minimum wage. It could lead to ‘no wage’ for the more vulnerable workers (who would end up not being hired at all). It could become a ‘maximum wage’ if employers are not willing to pay beyond what is minimally required by law. And finally, it could become a ‘sticky wage’ if not adjusted regularly and frequently. The Workfare Income Supplement and other forms of social transfer reduced income inequality, but did not address the root causes of low productivity, low skills and low wages,” said Mr Lim Swee Say, in a Tripartite Collective publication in 2021.<sup>4</sup>

The concept of minimum wage has been a longstanding debate. Singapore is part of a minority of nations that have not adopted a minimum wage – according to the International Labour Organization, more than 90 per cent of its 186 members as of September 2015 had minimum wage legislation.<sup>5</sup> Singapore’s divergence, however, is deliberate, said Mr Ng Chee Meng, Secretary-General of NTUC, in an interview for this book.<sup>6</sup> “We actually are not on the same page with many other countries. We look at minimum wage, it’s a very

simple idea, very easy to communicate, but very hard to get the policy outcomes that one desires,” said Mr Ng Chee Meng.

Ms Diana Chia, who was President of NTUC from 2011 to 2015, said in an interview for this book: “We decided not to have a minimum wage. Partly, because it’s as if you’re looking down at the minimum wage, and there is no way of looking up towards how much more your wages can grow. People want to feel that there’s a sense of career progression that is dependent on your ability to move up the skills ladder.” She added that while many countries have a minimum wage that is usually government-led, it is difficult to enforce.<sup>7</sup>

But if Singapore were to deviate from the minimum wage approach adopted by other countries, it would need a novel solution. This solution was the PWM, proposed by NTUC in 2010. Unlike the more simplistic approach of a minimum wage, the PWM would tackle the issue by addressing the underlying issues of low skills and low productivity. With the basic skills and productivity scaffolding in place through initiatives such as the Workforce Skills Qualification (WSQ) system and the JRP, the model was designed to provide a pathway for lower-wage workers to enhance their skills, and be rewarded for it with higher wages that correspond to productivity.

“The idea was that we wanted to create a ladder where the job scope and the job requirements are actually expanded at each higher rung of the ladder. And if you are able to acquire the competencies to fulfil the larger job scope, then it is fair that you have a higher pay,” said Mr Loh Khum Yean, who was Permanent Secretary of MOM from 2009 to 2016, in an interview for this book.<sup>8</sup>

### **Making Sure It Works**

Crucial to this effort was the cooperation and collaboration of the tripartite partners. Employers had to pay a wage that corresponded with the skills and productivity of the worker in a fair and transparent manner.

Mr Lim Swee Say said NTUC approached the Ministry of the Environment and Water Resources (MEWR), now known as the Ministry of Sustainability and the Environment,<sup>9</sup> to move ahead with the plan, since its statutory board, the National Environment Agency (NEA), oversaw the cleaning sector. “In 2012, we managed to convince MEWR because they couldn’t get enough cleaners. So they agreed to require all licensed cleaning companies to adopt the PWM,” he said.<sup>10</sup>

The Tripartite Committee for Cleaners, which launched the PWM in 2012, called for a S\$1,000 base wage for most types of cleaning jobs. For these workers in the cleaning sector, the stipulated S\$1,000 wage floor set out by the PWM was a 17.6 per cent increase from the median basic wage of full-time resident cleaners of S\$850 then.<sup>11</sup> Cleaners could expect to earn higher wages over their careers that were pegged to higher levels of skills, job responsibilities, and productivity. The PWM was also enforceable since NEA was the regulator issuing licences for cleaning companies. As a result, compliance was high.

In April 2013, the Government announced that all its agencies would only engage cleaning companies with the NEA Enhanced Clean Mark Accreditation, which mandated the adoption of the PWM. By September 2014, the PWM became a mandatory requirement for all

new cleaning contracts, and by September 2015, applied to existing cleaning contracts signed before the requirement was mandated.<sup>12</sup> Part of the licensing conditions included workers having at least one WSQ certificate in environmental cleaning modules, but recommended that they obtain at least two such certificates.<sup>13</sup> This requirement was in line with the goal for the PWM to raise the skills and productivity of lower-wage workers along with their wages.

Reflecting on the licensing requirement for the PWM, Mr Felix Loh, CEO of Gardens by the Bay and former SNEF Deputy Honorary Secretary, said in a Tripartite Collective publication in 2021 that it helped to ensure that the companies in the sectors would move together in implementation. This also addressed employers’ concerns that they would become less competitive by adopting the PWM compared to other companies which did not.<sup>14</sup>

With a successful model of implementation in place, the PWM was expanded to other sectors. The security sector was next, with discussions beginning in 2014. The PWM became mandatory under the Police Licensing and Regulatory Department’s licensing regime in September 2016, with firms having to ensure that all security officers completed their required training under the WSQ scheme.<sup>15</sup> The wage floor set for the security sector was S\$1,100, up 28.4 per cent from the median basic wage of S\$857 in 2014.<sup>16</sup>

In 2016, the PWM was also implemented in the landscaping sector, where workers benefitted from a basic wage of at least S\$1,300, up 4 per cent from the median basic wage of S\$1,250 in 2015.<sup>17</sup> Adoption of the PWM was also made a requirement for landscape companies on

the Landscape Company Register administered by the National Parks Board.<sup>18</sup> “By 2016, we had three sectors with the PWM in place, which demonstrated that it could be done,” said Mr Lim Swee Say.<sup>19</sup>

### **Expanding the PWM to Even More Sectors**

By 2019, median real wages of local workers in the three PWM sectors had grown by an average cumulative 30 per cent,<sup>20</sup> higher than the 21 per cent increase at the median for all sectors.<sup>21</sup> However, the PWM’s overall coverage was limited, with only about 10 per cent of all lower-wage workers benefitting, since the PWM only applied to the three sectors.<sup>22</sup> To address this, a Tripartite Workgroup on Lower-Wage Workers was formed in October 2020 to discuss the long-term strategy for supporting lower-wage workers.

The key question was whether the PWM could play a larger role in pushing up wages. Headed by Mr Zaqy Mohamad, Senior Minister of State for Manpower and Defence, the workgroup consulted over 1,800 individuals from unions, employers, members of the public and lower-wage workers over ten months, and eventually released its report in August 2021.<sup>23</sup> The report detailed 18 recommendations in three key areas: first, to expand the progressive wage approach to cover the majority of lower-wage workers within the next two years; second, to accelerate and sustain progressive wage growth over the next decade; and third, to garner whole-of-society support for lower-wage workers.<sup>24</sup>

Speaking in Parliament after the recommendations were accepted by

the Government in 2021, Mr Zaqy Mohamad said: “The workgroup’s vision is for a strengthened social compact where everyone enjoys Singapore’s fruits of growth. We want to enable our lower-wage workers to progress along with other workers.”<sup>25</sup>

As part of the workgroup’s recommendations, the PWM would be expanded to more sectors and include occupations that span different sectors. The Progressive Wage Mark was also introduced as a prerequisite for companies to bid for public sector contracts, with the aim of encouraging voluntary adoption of the PWM.

Writing in a letter to the workgroup, Mrs Josephine Teo, Minister for Communications and Information and advisor to the workgroup, and Dr Tan See Leng, Minister for Manpower, said: “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.”

During the 2021 National Day Rally, Mr Lee Hsien Loong announced that the expanded PWM would cover eight in ten lower-wage workers.<sup>26</sup> It was validation of the hard work the tripartite partners had put in, said Mr Lim Swee Say. More importantly, the PWM would go a long way to address the needs of lower-wage workers.

Less than three years on, as of March 2024, more than 155,000

lower-wage workers across nine sectors and occupations have benefitted from the PWM.<sup>27</sup> These include seven sectors – the initial three of cleaning, security, and landscape, and the recently added lift and escalator sector, retail sector, food services sector and waste management sector – and two occupations, namely drivers and administrators.<sup>28</sup> Giving an update in 2024 on the progress of the expansion of the PWM, Mr Zaqy Mohamad said in Parliament that the 155,000 figure was “more than five times the coverage in 2020”, adding that “real incomes of lower-wage workers at the 20th percentile have risen cumulatively by 30 per cent from 2013 to 2023, faster than the median worker at 22 per cent”.<sup>29</sup>

Looking back, Mr Lim Swee Say said: “I was in the audience that day during the 2021 National Day Rally, and I was so happy that Mr Lee Hsien Loong declared the PWM as a national programme. He asked, would the tripartite partners be able to meet the ambitious target, and I said we must make it happen.”<sup>30</sup> With the PWM, lower-wage workers can now look forward to higher skills, higher productivity, and higher wages.

Era 6

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## Managing Our Migrant Workforce

## Chapter 11

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# Migrant Worker Management

Migrant workers have been indispensable for much of Singapore's extraordinary story of economic growth. After the city-state achieved full employment in the early 1970s,<sup>1</sup> it tapped on imported labour to augment its local workforce – especially since the pace at which it was attracting investments and creating jobs far outstripped domestic capacity.<sup>2</sup> Consequently, the succeeding decades saw the number of migrant workers engaged in non-domestic work rise to about 843,000 as of June 2024.<sup>3</sup>

Hailing from countries such as the People's Republic of China (PRC), Bangladesh, India, and Malaysia, migrant workers have complemented Singapore's small local workforce, enabling its economy to maintain its competitive edge against larger countries. The supply of migrant workers, which refers to Work Permit holders including migrant domestic workers (see Chapter 12), has allowed Singapore to grow during critical windows of opportunity, while at the same time filling necessary jobs eschewed by locals.



But there is a social cost that comes with the growth of the migrant worker population in Singapore. This is the trade-off that comes with economic growth, recognised as early as 1972 by then-Minister for Finance Dr Goh Keng Swee. As he summed up in a speech delivered that year at the University of Singapore: “The question we must answer sooner or later is this: ‘When do we stop growing?’ Or to be more precise, at what point do we stop importing foreign workers and cease to encourage foreign entrepreneurs and capital in Singapore? Because of our limited land area, industrial expansion together with the concomitant population expansion will produce overcrowding to increasingly uncomfortable limits.”<sup>4</sup>

For MOM, the challenge is two-fold. The first is to calibrate the inflow of migrant workers so as to balance between growth, productivity, and social objectives – an issue that is explored in Chapter 9. The second challenge, which this chapter examines, is on managing the migrant workforce in Singapore. In particular, this means improving the employment and living conditions of migrant workers and supporting their recreational needs, and by extension, their mental health and well-being.

Over time, MOM’s approach to migrant workers had to evolve – not just to stay one step ahead of the next challenge, but to build the necessary capacity to tackle future challenges. This chapter traces MOM’s journey in managing the large population of migrant workers in Singapore, and how it progressed beyond punitive measures meant to promote compliance to forward-looking initiatives that aim to achieve a well-managed migrant workforce – one that not just functions well, but is also resilient to crises.

### **Illegal Employment: A Persistent Problem**

After the 1985 recession, Singapore rebounded quickly, growing by about 2.9 per cent by the third quarter of 1986.<sup>5</sup> This would surge to an average growth rate of above 9 per cent each year for the next decade.<sup>6</sup> However, the number of illegal workers grew in tandem, with some 1,400 foreigners caught working without a valid permit or in jobs their permits did not allow them to take up in 1987.<sup>7</sup> This number was more than double that of 1986. In 1988, the number of overstayers arrested reached 4,120, many of whom were illegal workers.<sup>8</sup> The trend was perhaps unsurprising, given that illegal workers were a tempting prospect for employers trying to cut costs or avoid paying the migrant worker levy.

Speaking in Parliament on October 4, 1990, then-Minister for Labour Mr Lee Yock Suan said: “Such illegal employment has to be checked as it undermines our economic strategy.”<sup>9</sup> He went on to announce the Employment of Foreign Workers Bill, which aimed to make illegal employment unprofitable for employers by imposing harsher penalties. The Bill allowed enforcement officers to enter and search suspicious premises, conduct arrests, and retain travel and identity documents – an attempt to prevent cases where foreigners refused to hand over their papers to enforcement officers.

At the same time, MOM stepped up enforcement efforts by conducting more raids in shipyards, construction sites, hotels, restaurants, furniture and garment factories, and even hairdressing salons.<sup>10</sup> But enterprising employers continued to find creative workarounds, with some deploying their workers illegally to other sectors or workplaces. Between 2000 and 2002, some 730 employers or individuals were arrested by MOM for illegal deployment of workers.<sup>11</sup>

## More Teeth for Legislation

Stemming the tide of illegal workers was a serious matter for MOM, which had to protect local workers from unfair job competition as well as prevent the exploitation of migrant workers. Importantly, a well-managed migrant worker population would also help Singapore polish its international reputation as an attractive destination for work, especially since competition for migrant workers was heating up globally. Demand for labour was growing in places such as China and the Middle East, and losing out could have severe economic repercussions for Singapore, which depended heavily on migrant workers in industries such as marine shipyard and construction.

As such, the Government had to focus on lifting minimum standards of employment conditions by promoting compliance among both businesses and migrant workers. This included tackling a whole host of issues such as illegal employment and salary arrears, which would in turn alleviate challenges that MOM had to deal with.

In his address to Parliament on May 22, 2007, then-Minister for Manpower Dr Ng Eng Hen acknowledged that it was natural for workers to seek better employment opportunities abroad in an era of globalisation, and that such a phenomenon benefitted both sending and receiving countries.<sup>12</sup> However, he emphasised the need for a “robust system with effective laws, enforcement, and safeguards against the illegal entry and employment of foreign workers, (that also) ensure(s) that their well-being is protected”.

During the same speech, Dr Ng Eng Hen announced that the Employment of Foreign Workers Act would be renamed the Employment of Foreign Manpower Act (EFMA) “to reflect its broader coverage”, as it would be “the key legislation governing the employment of foreigners at all levels in Singapore”. The updated legislation would impose harsher penalties on employers who hired workers

illegally, including heavier fines and a mandatory jail term for repeat offenders. New offences, such as the selling, forging, or illegal alteration of a work pass, were introduced. As with earlier legislative moves, the updated Act increased the enforcement powers of administrative officials to a level similar to that of immigration officials under the Immigration Act. MOM’s Employment Inspectors would be able to arrest both local and foreign suspects without a warrant when it came to those who had committed severe offences.

Armed with more teeth under the amended law, MOM targeted syndicates that were illegally bringing in migrant labour. One such bust in 2009 saw four men running a labour syndicate arrested, including a Bangladeshi believed to be the mastermind. They were charged with more than 200 offences under the EFMA for illegally bringing in about 100 migrant workers, who were subsequently sent to work for other companies or told that they had to find work on their own.<sup>13</sup>

In 2012, the EFMA was amended to impose a new penalty regime against law-breaking employers. Under the new regime, administrative infringements – such as deducting levies and other employment costs from migrant workers’ salaries – would be declassified as criminal offences. Far from going soft, this was an effort to shorten the lengthy and resource-consuming process of prosecution so that MOM could take more effective action against offenders.<sup>14</sup> Work pass conditions were updated to provide greater clarity on employers’ responsibilities at different phases of a migrant worker’s employment, while MOM’s investigatory powers were further expanded to facilitate stronger enforcement action against increasingly sophisticated labour syndicates.

On the ground, there were positive signs that the efforts were making a difference. A survey of migrant workers in 2014 by MOM and the Migrant Workers’ Centre – a non-governmental organisation that championed their welfare – found that the majority of migrant workers (87.7 per cent) were satisfied with working in Singapore.<sup>15</sup> The number of those who reported being

dissatisfied had fallen from 5.2 per cent in 2011, when the inaugural survey was conducted, to 2.8 per cent in 2014. More than nine in 10 also reported that working conditions matched with what they had been promised by middlemen who helped them secure employment in Singapore.

### **Dormitories: Improving Living Conditions**

Another major issue MOM had to deal with when it came to addressing minimum standards was the issue of housing. To support housing needs, the Government allowed employers to convert some factories into temporary living quarters. These Factory-Converted Dormitories (FCDs) were largely run by employers, and were subject to standards set by MOM. Employers were also allowed to set up Construction Temporary Quarters (CTQs) to house migrant workers on construction sites. As of 2007, the responsibility for providing acceptable accommodation lay with employers, and had been encoded into Work Permit conditions.<sup>16</sup>

Still, some living spaces fell short of hygiene and safety standards. To better meet the housing needs of migrant workers, the Government announced in 2008 that about 11 Purpose-Built Dormitories (PBDs) – that is, dormitories that came equipped with recreational facilities and other amenities – would be built by 2011, adding up to 65,000 beds.<sup>17</sup> But where these migrant worker dormitories were located was a sensitive point for Singaporeans.

In 2008, some 600 residents of the Serangoon Gardens housing estate banded together to sign a petition against potential Government plans to turn an unused school in the area into a dormitory for migrant workers.<sup>18</sup> According to the petition, the move would “create security and social problems and spoil the ambience of the estate”. This incident highlighted that the issue of migrant worker housing was not one that impacted just migrant workers, but communities living near dormitories. In attempting to raise living standards for

migrant workers, MOM returned to fundamental constraints – the quality and quantity of space set aside for them. “The Government’s longer-term view is that the accommodation needs of Work Permit holders are best met in...dormitories where there are self-contained living, social, and recreational facilities,” said then-Minister for Manpower Mr Tan Chuan-Jin in Parliament in 2015.<sup>19</sup> He was referring to PBDs, which were better equipped to handle a wider range of needs. In fact, the Government had already been launching newer, larger PBD sites over the past few years, and would continue doing so to cater to the housing needs of migrant workers. “Such larger PBDs will form an increasingly prominent part of the foreign worker housing landscape,” he added.

### **FEDA: A Holistic Approach**

The Little India riot that occurred as a result of a fatal traffic accident on December 8, 2013, sparked further moves into adjusting policies relating to migrant worker dormitories. While the Committee of Inquiry – convened in 2013 to look into the cause of the riot – found that systemic dissatisfaction with employment and living conditions in Singapore were not a contributing factor,<sup>20</sup> the incident still spurred some reflection within MOM. “The incident reinforced our commitment and ongoing efforts on this front,” reflected former MOM Permanent Secretary Mr Loh Khum Yean in an interview for this book.<sup>21</sup> “It highlighted the point that it’s not just about their working conditions, or just about housing standards, or recreational opportunities. It’s about their overall life experience in Singapore.”

In 2015, the Foreign Employee Dormitories Act (FEDA) was passed as part of the security measures that arose from the riot.<sup>22</sup> The Act targeted larger dormitories with 1,000 beds or more, and required that they would have to fulfil licensing conditions in areas such as public health and safety as well as the provision and maintenance of social facilities and commercial services.

Recreational facilities were also worked into FEDA requirements for new-and-improved PBDs. While the first migrant worker recreation centre (RC) was already launched by the Singapore Contractors' Association Limited in 2009, there remained a need for more recreational options. In 2014, MOM had announced that the number of RCs would be doubled from four to eight by the end of 2015, providing migrant workers with more places to rest and relax after work.<sup>23</sup> Such dedicated RCs offered amenities including canteens, supermarkets, hard courts, and even beer gardens.

Nonetheless, the RCs were not a perfect solution. "The reality is that they can never totally replace popular spots like Little India...Foreign workers need a place to come together to catch up with old friends, to catch up on news from the village, have a taste of food from home, and meet friends and relatives from across the island for a few precious hours that they have," said Mr Tan Chuan-Jin during his statement in Parliament post-riot.<sup>24</sup>

Although RCs were not a panacea, stepping up the quality, diversity, and availability of their offerings would be vital in helping them serve broader swathes of the migrant worker community. Critical to this effort would be enriching the "gene pool" of operators to bring in fresh ideas and concepts. In 2024, MOM announced that it would appoint external partners to operate RCs, starting with NTUC which would take over three RCs from August 2024.<sup>25</sup> This decision built on NTUC's understanding of migrant workers' needs and its experience in running the Migrant Workers' Centre, which was set up in 2009 together with the Singapore National Employers Federation. NTUC would also be able to leverage its network of social enterprise and recreational offerings to enhance the attractiveness of the RCs.<sup>26</sup> Such an arrangement had the added benefit of stepping up collaboration within the ecosystem of NGOs and community partners to serve the migrant population better.

Major events like the COVID-19 pandemic, which saw dormitories become hotbeds for the virus, offered other lessons in migrant worker housing for MOM. To deal with future pandemics, FEDA was expanded to all dormitories with seven beds or more in 2023. This meant that some 1,600 dormitories and a total of 439,000 beds would be covered under the law, a substantial increase from the 53 dormitories and 256,000 beds that were covered previously.<sup>27</sup> A key reason for the move was to enable MOM to "raise and enforce housing standards very quickly across the various dormitory types and sizes, and to introduce new housing standards to make dormitory living more resilient to public health risks", said Minister for Manpower Dr Tan See Leng in Parliament in March 2021.<sup>28</sup>

Alongside the expansion of FEDA, MOM implemented new and improved standards for new and existing PBDs and FCDs, which was announced in 2021. It also rolled out the Dormitory Transition Scheme to support dormitory operators and employers to transition to a set of improved standards by 2040.<sup>29</sup> In 2022, MOM also announced that it would take on the responsibility of building and managing two PBDs in Tukang Innovation Lane and Sengkang West via NESST Singapore. NESST is a company limited by guarantee that was set up by MOM to pilot innovations in dormitory design to improve living conditions for workers while strengthening public health resilience.<sup>30</sup> These offer learning opportunities for MOM to strengthen its capabilities in regulating dormitories, and are the latest efforts in the Ministry's multi-year journey to improve the housing resilience of the migrant worker population.

Sustained efforts have borne fruit. Today, a room in a dormitory built according to new housing standards might look something like this: 12 beds neatly arranged in a room with 4.2 sq m of space per resident, ceiling fans spinning above, en-suite toilets, and possibly even an air-conditioning unit for balmy nights.<sup>31</sup> Such living conditions represent a great improvement from the decades before. In the span of some 40 years, MOM – with the help of employers, dormitory

operators, and other partners – transformed migrant worker dormitories into a regulated industry in its own right, serving the needs of the migrant population and Singaporeans by extension.

### **Assurance, Care and Engagement**

At a glance, MOM's management of migrant workers has come a long way. Its initial focus on enforcement and regulation in the 1980s has since evolved into a more proactive approach, one that values engagement and collaboration not just with migrant workers, but with the wider ecosystem of stakeholders. This shift in approach was cemented by the COVID-19 pandemic (see Spotlight 6), during which MOM found itself in the position of having to manage hundreds of thousands of migrant workers staying in the dormitories.

In the initial, hectic months of the pandemic, the task of managing this vast population fell to the Inter-Agency Task Force (ITF), which had been formed by the Government to prevent the situation in the dormitories from spiralling out of control. It was only in August 2020 that the ITF handed over its operations to a newly created MOM division, the Assurance, Care and Engagement (ACE) Group.

The ITF “was very successful in winning foreign workers over – they saw that officers were there to help them”, said former MOM Permanent Secretary Mr Aubeck Kam in an interview for this book.<sup>32</sup> “The trust built up during the period when we were in Circuit Breaker, and coming out of it, demonstrated the impact of having that direct link to the Government.” This was a new, added dimension to the relationship, which was previously premised on regulation and enforcement. “Trust is the key to how we manage future crises. It's part of the recipe for resilience,” he added.

As it took over the mantle of the ITF, ACE Group's focus was on supporting the well-being of migrant workers by tapping into the strong network of partners and collaborators among dorm operators, NGOs, employers, welfare organisations, and more, which had solidified in the trenches of the pandemic. While its immediate focus was on pressing ahead with the ITF's efforts to strengthen dormitories against public health threats, its long-term focus was on building up healthcare, housing, and social resilience for migrant workers, and creating opportunities for stakeholders to collaborate to improve workers' welfare.

For instance, through the Primary Care Plan, migrant workers would now be able to access affordable and quality primary healthcare services – reducing the chances of being caught off-guard by another pandemic. ACE Group represented, in other words, a move upstream, as well as a direct line between MOM and migrant workers. This relationship in turn involved a wider ecosystem of partners, with ACE Group acting as a “catalyst for collective action”, in the words of its chief Mr Tung Yui Fai.<sup>33</sup> Solutions and outcomes would now be co-owned by all stakeholders and not just regulators.

MOM's initiatives, taken collectively, were part of a broader effort to build “societal capacity”, in Mr Loh Khum Yean's words.<sup>34</sup> Foreign manpower was not just a numbers game, but a human issue. How many could Singapore take? The figure had to be arrived at by considering the economy's needs as well as the needs of Singaporeans and migrant workers too. “Limits to Singapore's intake of foreign manpower will be more flexible given better infrastructure, better integration of foreigners, better interaction and support, better engagement,” he said.

“I always held this view that MOM's position on foreign workers is a reflection of the cumulative preferences of all Singaporeans,” said Mr Aubeck Kam.<sup>35</sup>

“What are we comfortable with? What do we think makes sense? What are we prepared to pay for?” When answering these questions, MOM must consider not only the welfare of migrant workers and Singaporeans alike, but also the long-term sustainability of Singapore’s intake of migrant manpower. It is a delicate balancing act, but one with a worthy pay-off.

## Chapter 12

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# Migrant Domestic Workforce

Migrant domestic workers (MDWs), defined by the International Labour Organization as workers who perform work in or for households outside their country of origin, including direct and indirect care services,<sup>1</sup> are a fixture in Singapore. As at June 2024, they numbered 294,800, accounting for about 19 per cent of the total foreign workforce.<sup>2</sup> The demand for MDWs among Singaporean households has risen over the years, with one in five households employing an MDW in 2023,<sup>3</sup> up from one in 13 slightly over three decades ago.<sup>4</sup>

Demand for MDWs has been driven by the ageing population and the corresponding rise in caregiving needs. In Singapore, MDWs play an increasingly indispensable role. Beyond carrying out household chores such as cooking and cleaning, they also perform more intimate tasks such as caring for children and aged parents. But the benefits of MDWs extend beyond the household. Their presence has been linked to increased female labour force participation rates, as more women are freed from traditional household roles and able to pursue employment. This endeavour was especially critical in Singapore in the 1970s

and 1980s as the country began transitioning towards high-growth industries, and remains critical as the workforce ages.

Ensuring good employment conditions for MDWs is key for MOM, given that they work in the private realm of the household, a space which is difficult to regulate compared to conventional workplaces which are protected under Singapore's main labour law, the Employment Act. While territories like Hong Kong have opted to include MDWs in laws that apply to the general population of local workers, Singapore has adopted a different approach. MDWs here are covered under the Employment of Foreign Manpower Act (EFMA), which provides for customised employment standards and conditions tailored to the nature of work in a household.

As the economies of the countries where Singapore's MDWs come from develop over time and begin to offer more prospects for work, ensuring better working conditions and improving the well-being of MDWs have become increasingly important to maintain Singapore's reputation as a destination of choice.

### **Balancing Economic and Social Objectives**

When Singapore ramped up its drive to industrialise in the 1970s, one problem quickly surfaced. The city-state was short of labour, and women were a critically under-utilised resource. In 1970, the female labour force participation rate for female citizens aged 10 years and above stood at only 25.6 per cent,<sup>5</sup> compared with developed countries like the United States where the participation rate for females aged 16 and above was 43 per cent.<sup>6</sup> For many women in Singapore, seeking employment was not a priority, with many opting to stay home and care for the family.

Freeing them up required a rethinking of the role of women. One solution was to build more childcare centres in housing estates so that women would be free

to take up jobs in factories, which were increasingly located close to residential areas.<sup>7</sup> Some argued that this was a better option than hiring MDWs, with children able to benefit from a more "organised, collective life".<sup>8</sup> This idea was taken up by the Government, which announced in 1973 that six more childcare centres across the country would be built, bringing the total number up to 18.<sup>9</sup>

But the labour shortage persisted. One survey conducted by the National Employers Council in 1978 estimated that some 7,500 and 10,000 workers were needed in the garment industry alone.<sup>10</sup> To ease the manpower crunch and enable more women to work, MOL decided to increase the supply of MDWs. In May 1978, it introduced a new Work Permit scheme which would allow employers to hire women from countries such as the Philippines, Thailand, and Sri Lanka.<sup>11</sup> The scheme complemented the Domestic Servant Scheme at that time, which allowed employers to hire only women from Malaysia and Indonesia.<sup>12</sup>

The move, alongside other measures to encourage women to enter the workforce, bore fruit. By 1988, a decade later, the female labour force participation rate was at 47.8 per cent – an increase of more than 3 percentage points from 1980.<sup>13</sup> But even as MOL relaxed the Work Permit policy, it introduced caveats to ensure that employers fulfilled their obligations to MDWs. For one, employers had to place a security bond of S\$5,000, which could be forfeited if they breached the conditions of the Work Permit. For example, failing to send their MDW home after the expiry of the Work Permit would result in forfeiture of the bond. This practice, which encourages compliance, remains in place today, applying to all MDWs except Malaysians.<sup>14</sup> In 1984, MOL also introduced a flat levy of S\$120 a month, replacing the previous system where employers were taxed 30 per cent of MDWs' salaries. This was implemented because several employers were abusing the system by under-declaring their MDWs' salaries and subsequently hiring more of them for purposes other than domestic work.<sup>15</sup>

Disincentives like the levy made it clear that Singapore did not intend to allow an unrestricted flow of MDWs into the country, a position that successive generations of Labour Ministers have reiterated. In 1984, then-Minister for Labour Professor S. Jayakumar said: “The Government believes that hiring maids is not the only way that married women can go to work...Let us not get into a situation where we will not explore other initiatives such as part-time work, flexible working hours, and creches to cater to the needs of working mothers.”<sup>16</sup> In 1986, then-Minister for Labour Mr Lee Yock Suan noted that an increased reliance on MDWs would inadvertently lead to a change in society’s character. “Our children now don’t help out (with) the housework, they give orders to the maid,” he said.<sup>17</sup>

Since the introduction of the levy, the Government has tweaked rates to moderate the growth of the MDW population in Singapore, especially amid surges in demand. In 1992, for instance, the levy was raised from S\$250 to S\$300 a month.<sup>18</sup> This came on the back of increases in 1990, when the rate was raised by S\$50 over two stages. “Some (MDWs) are prepared to work for as little as \$100 to \$150 a month,” noted an MOL press release in 1990.<sup>19</sup> “Without the maid’s levy, childcare centres, local maids and other forms of domestic help will be unable to compete. Our society will become increasingly dependent on foreign maids.” The levy system was an important tool to curb this, one that also retained some flexibility for households. As Dr Lee Boon Yang, who was Minister for Labour in 1997, put it in Parliament, the levy “(left) it to women to decide on working or staying at home after balancing their income with the total cost of employing a Foreign Domestic Worker”.<sup>20</sup>

While the levy system helped manage the influx of MDWs, it was just one aspect of a complex issue. As the MDW population grew, so did concerns about their welfare and working conditions.

## Ensuring Safe Working Conditions

One area of concern that MOM had to pay close attention to in the early days was the safety of the growing population of MDWs within Singapore. By 1997, MDWs were employed in about 100,000 households island-wide.<sup>21</sup> But the number of abuse cases, suicide cases, and fatal falls from a height while doing housework had also risen.

Several cases of MDWs falling from heights were accidents that had happened when they were tasked by their employers to clean window exteriors or while hanging clothing out to dry. In June 2012, MOM noted that the majority of MDWs who fell from heights over the last two and a half years were cleaning windows.<sup>22</sup> It also noted that of the nine deaths that had occurred that year so far, five had occurred while the MDW was cleaning windows.

In June 2012, MOM banned the cleaning of upper-floor windows. The only exception was under two conditions: an employer or adult representative of the employer was physically present to supervise, and window grilles had been installed and locked during cleaning.<sup>23</sup> In addition, MDWs and employers both had to sign a safety agreement outlining these conditions before window exteriors could be cleaned.<sup>24</sup>

Another area of concern was physical abuse. There were several factors that rendered MDWs particularly susceptible to gender-based violence and other types of abuse. “Domestic maids are female (and) work (and live) within the confines of their employers’ home for 24 hours of the day. Except during their time off, (they) are isolated from the rest of society nearly all the time, and depend on their employer for food and lodging,” noted then-Minister for Home Affairs Mr Wong Kan Seng in Parliament in April 1998.<sup>25</sup> “Maids are therefore more vulnerable to abuse...than any other category of employees.”



One such case even led to a souring of bilateral ties between Singapore and Indonesia. In 1997, it came to light that Ms Hartati Ali Sodikun, a 15-year-old MDW from Indonesia, had been abused by her employers.<sup>26</sup> They confessed to burning Ms Hartati with a hot iron, scalding her with boiling water, and punching her on the forehead, among other acts. In response, the Indonesian Government temporarily stopped sending MDWs to Singapore.

For deterrence, the Singapore Government began meting out harsher punishments to offenders. In 1998, the Government amended the Penal Code to increase maximum penalties for certain offences committed against MDWs, such as wrongful confinement and insult of modesty, by 1.5 times.<sup>27</sup> Further upward adjustments were made in later years, and the number of abuse cases subsequently fell from 157 in 1997 to 41 in 2001.

Apart from stiffer penalties, MOM intensified public education efforts of both employers and MDWs, so that both parties would be aware of their rights and responsibilities under the law. In 2002, for example, it was announced that first-time employers of MDWs would have to undergo a mandatory orientation programme. This sent a strong signal that they would be held accountable for the well-being of MDWs in their employ.

### **Too Young to Work**

Despite MOM's efforts to make help more available to MDWs, not all chose to reach out for assistance when faced with challenging situations. Suicides were a persistent issue, with MDWs accounting for more than a third of some 231 foreigners who committed suicide in Singapore between 2000 and 2004.<sup>28</sup> This meant that 12 out of every 100,000 MDWs died by their own hand, compared to about 10 out of every 100,000 Singaporeans.

"MOM assessed that the reason, in many cases and especially for the Indonesians, was that they were very young," said former MOM Permanent Secretary Ms Yong Ying-I in an interview for this book.<sup>29</sup> "There were 13-year-olds and 14-year-olds. Coming to an urbanised city was a very big shift for them...Without support, some may resort to suicide."

To stem the problem, MOM tightened the eligibility criteria for MDWs. From January 2005, new MDWs coming to work in Singapore had to have at least eight years of formal education. They also had to be at least 23 years old, up from 18.<sup>30</sup> This made it harder for younger prospective MDWs to falsify documents claiming they were of an eligible age. Still, verification challenges remained. "We went through debates internally to see whether there were medical tests that could be used to determine age," said Ms Yong Ying-I. "We abandoned the idea because the tests were painful and expensive." Instead, MOM opted to selectively interview MDWs after they arrived in Singapore to verify their application details.<sup>31</sup> Although this initially caused an uproar among employment agents, they eventually started recruiting MDWs who looked older.

### **Making Help More Accessible**

Over the years, efforts to strengthen employment standards for MDWs under the law as well as enhance the education and accreditation of employers, employees, and employment agencies (EAs) have helped to improve working conditions for MDWs. These efforts have been shored up in more recent years through further legislative moves that ensure that MDWs have adequate days off to rest, relax, and recharge. Such moves also help to facilitate their integration into a wider community outside the household.

In 2012, then-Minister of State for Manpower Mr Tan Chuan-Jin announced in Parliament that MOM would legislate a weekly rest day for MDWs.

“A weekly rest day is regarded internationally as a basic labour right... (Singapore is) currently one of the very few foreign domestic worker (FDW) destination countries lacking in provisions for weekly rest days,” he said.<sup>32</sup> “This has led to us becoming less attractive to FDWs compared to other destinations in the region that provide weekly rest days, such as Hong Kong and Taiwan.”

Yet, he noted that there was a need for flexibility. “The family circumstances of some FDW employers may make it genuinely difficult for them to cope without a FDW for one day every week... We also understand that some FDWs... prefer to work on their rest days for extra pay.” To take into account these different circumstances and preferences, the legislation would allow employers to provide compensation in lieu of a rest day for MDWs, although this would have to be agreed upon in writing by both sides.

While this was adequate for a number of years, a horrific case of abuse that was publicised in 2021 proved that more had to be done. That year, it came to light that Myanmar national Ms Piang Ngaih Don had died in 2016 at the age of 24 after enduring months of starvation and beatings from her employers.<sup>33</sup> Ms Gaiyathiri Murugayan and Madam Prema S. Naraynasamy were eventually found guilty of multiple charges of assault, and culpable homicide. Ms Gaiyathiri was subsequently sentenced to 30 years in jail – the longest ever for a case of MDW abuse – while her mother, Madam Prema, was sentenced to 17 years’ jail.

The incident underscored the importance of ensuring MDWs have a support ecosystem outside of the household, and are engaged in a wider community. This is what former MOM Permanent Secretary Mr Aubeck Kam referred to as the fundamental problem of visibility. “That’s the key challenge that MDWs face,” he said in an interview for this book.<sup>34</sup> “MDWs are inside a household and are not reliably and predictably coming out into the community. Even if they need help, how does anyone know?”

In 2021, the Ministry announced that it would be conducting house visits during which MDWs and employers would have an opportunity to bring up any issues they were facing to MOM.<sup>35</sup> All first-time MDWs would also have to undergo in-person interviews conducted by the Centre for Domestic Employees (CDE) on MOM’s behalf, instead of being randomly selected for it.<sup>36</sup> These measures would give them more opportunities to voice their concerns and seek assistance from the authorities. Subsequently, in 2023, MOM made it compulsory for MDWs to take one day off per month that could not be financially compensated.<sup>37</sup> This would contribute towards improving their visibility in the community and encourage the build-up of a support system they could turn to if they needed help. One employer interviewed by *The Straits Times* described it as a “win-win situation”, noting that helpers need “time and space to recharge”.<sup>38</sup>

### Enhancing Support Measures

Beyond strengthening measures to protect MDWs’ well-being, MOM has also sought to “match” MDWs and employers. This included free dispute resolution services that became available from October 2019. Sessions are run by the CDE and the Foreign Domestic Worker Association, and are targeted at helping MDWs and employers navigate difficulties in their relationship.

“About 1 in 3 (MDWs) complete two years of their contract,” stated an MOM press release in October 2019.<sup>39</sup> The typical length of an employment contract for MDWs is two years. “More can be done to support employers in the hiring of (MDWs), as early termination of contracts is costly and disruptive to both parties.” To that end, the Ministry also granted employers and EAs access to more detailed information about a prospective MDW, including their previous work experience. Such information would help both MDWs and employers find a better fit especially when services such as child-minding or care for elderly persons are required.

At the same time, EAs were encouraged to take ownership of the matching process. All EAs are now required to provide an option for a refund of half of the service fee charged to employers in the event that the contract is terminated within the first six months. This came into effect from June 2022.<sup>40</sup>

These efforts paid off. An MOM survey of about 2,000 MDWs and employers, conducted in 2021, found that more than 99 per cent of MDWs were satisfied with living and working in Singapore, compared to 97 per cent in 2015.<sup>41</sup> They reported high levels of satisfaction in areas such as accommodation, emotional support, and sufficiency of food provisions.

Other positive stories have also found their way into the limelight. For example, *The Straits Times* reported in 2024 that Sri Lankan national Ms Jayanthi Gamage, who worked as an MDW in Singapore, had earned a law degree from the University of London with the support of her employer.<sup>42</sup> Such stories highlight the opportunities MDWs have in Singapore to upskill while working with the help of employers as well as non-profits and government agencies.<sup>43</sup>

Increasingly, households are turning not just to MDWs for domestic services, but to part-time workers who complete household chores and other services on an ad-hoc basis.<sup>44</sup> To support this change in household preferences, the Government piloted the Household Services Scheme (HSS) in 2017, which allowed companies to hire migrant workers who could then perform specific tasks such as home cleaning, grocery shopping, car-washing, and pet-sitting without living in an employers' household. The scheme was made permanent in 2021. Demand was strong, with about 140 HSS companies serving more than 21,000 homes as of 2023.<sup>45</sup>

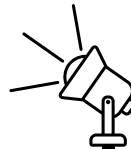
As the local population continues to age, more households are likely to require caregiving services. Yet, this needs to be balanced with the natural

infrastructure constraints of a land-scarce island like Singapore, which cannot accommodate an unlimited number of MDWs. While MDWs will continue to play an important role in the care economy and in enabling more Singaporeans, particularly women, to participate in a shrinking workforce, Singapore must also explore other innovative options, such as the HSS, to support household needs for domestic chores. This is MOM's challenge as Singapore and the region enter a new era of development.

*Spotlight chapters highlight key topics that span multiple eras, and how MOM took unique approaches to address them.*

This spotlight focuses on the COVID-19 pandemic that struck Singapore in 2020 and examines the extraordinary measures taken in response to protect lives and livelihoods, including those of migrant workers.

## The COVID-19 Pandemic



On January 23, 2020, Singapore confirmed its first case of a mysterious illness that had first reared its head in China.<sup>1</sup> It was spreading across the globe at an alarming speed.

The 66-year-old infected traveller from Wuhan was swiftly isolated. Those he had come into contact with were tracked down and quarantined, while the rooms he stayed in were sanitised and sealed off. Singapore was doing everything it could to prevent the virus from becoming widespread. But the battle was becoming increasingly challenging.

By early February, the nation recorded its first cases of local coronavirus transmission when four women tested positive for the virus despite not having travelled to Wuhan.<sup>2</sup> From there, the disease – named “COVID-19” on February 11, 2020 by the World Health Organization (WHO)<sup>3</sup> – began to spread in earnest, both in Singapore

and around the world. On March 11, 2020, WHO declared COVID-19 a global pandemic, confirming a frightening reality that would impact nearly every aspect of society. Drastic steps had to be taken by the Government. This included imposing a partial lockdown dubbed the “Circuit Breaker” from April 7 to June 1, 2020, which shuttered schools and non-essential workplaces. By mid-April, all migrant worker dormitories, where the virus was rapidly gaining ground, were declared isolation areas.

Such moves were necessary to preserve public health and safety. Yet, their reverberations on the economy and livelihoods were enormous. Amid border closures, manpower disruptions, supply chain woes, and a sharp drop in tourism, Singapore slipped into its worst recession since independence, recording a full-year contraction of its GDP of 3.9 per cent.<sup>4</sup> The battle raged on in the healthcare sphere as the Government sought to rein in control of the highly contagious virus, which posed a severe threat to high-risk individuals.

For MOM, this crisis was unprecedented in its magnitude. “Singapore was fighting the COVID-19 war on all fronts, including healthcare, economic, and social,” said former Minister for Manpower Mrs Josephine Teo, who led the Ministry through the first year of the pandemic, in an interview for this book.<sup>5</sup> “All these big problems came alive at the same time, and MOM, tasked with safeguarding the interests of the broad swathe of Singapore workers, was at the intersection of them all.”

Even as the Ministry set about tackling the immediate fallout of the pandemic, it also had to look ahead. Building resilience in the medium

and long term was therefore a critical focus. “Every worker segment must have a fair chance to emerge stronger. Businesses must have fair support to succeed,” said Mrs Josephine Teo in Parliament in 2021.<sup>6</sup> This meant strengthening fairness and support for all workers, including migrant workers, for whom bridging housing, healthcare, and social well-being gaps would be essential going forward.

### **Early Days: Shockwaves**

One major event in the early days of the pandemic that sent shockwaves through Singapore was the Malaysian Movement Control Order (MCO), which kicked in on March 18, 2020. Movement into and out of Malaysia was prohibited, affecting the large number of Malaysians who commuted to Singapore daily for work or study.<sup>7</sup>

“The Malaysian MCO had huge implications for Singapore, because so many essential services depended on workers who were coming in and out of Malaysia on a day-to-day basis,” said Mrs Josephine Teo, adding that there would be a “domino effect” in other industries if essential services stalled.<sup>8</sup>

MOM’s objective at the time was to minimise any adverse impact on the delivery of essential services such as healthcare, logistics, and other critical infrastructure.<sup>9</sup> These would be necessary to tide the country through the Circuit Breaker, which consisted of a series of measures aimed at containing the spread of the virus. Preparations began immediately to help employers find accommodation for their Malaysian workers. This was not an easy task, given that as many as 100,000 of them lacked living arrangements in Singapore, including

about 1,000 nurses and other healthcare workers.<sup>10</sup> On March 19, one day after the MCO kicked in, MOM announced temporary housing support for employers who were facing difficulty housing their Malaysian workers.<sup>11</sup> Eligible employers could apply for a relief grant to defray their costs and tide over the initial shock. The Ministry worked with hotels and dormitory providers to roll out reduced rental fees for Malaysian workers, with other Government agencies, including the Housing and Development Board, and community groups lending their support.<sup>12</sup> In line with its objective to keep critical infrastructure running, MOM prioritised assistance for sectors such as healthcare, security, cleaning, and waste management. Most affected Malaysians were subsequently able to settle into suitable accommodation in Singapore.

Another challenge at the time was the risk that financially struggling businesses would not be able to support their migrant workers. With international flights largely suspended, workers faced being stranded in Singapore without adequate support. MOM’s response was swift. It established a Taskforce that partnered with multiple Government agencies, non-governmental organisations, trade associations and private entities to provide support for migrant workers in the areas of housing, food and salary claim assistance. The Taskforce also facilitated job-matching for displaced migrant workers to find new employers in Singapore and worked with embassies and airlines to coordinate repatriation and relief flights that enabled workers to return home despite limited commercial flights.

Meanwhile, efforts to stem the transmission of the virus within Singapore’s borders had led to the shutdown of schools and most

workplaces. Overnight, non-essential businesses had to pivot online. Consumer-facing sectors such as retail and food and beverage took a big hit, registering their worst performance since 1986.<sup>13</sup> Economic activity was dampened, with annual real GDP estimated to have contracted by 2.2 per cent in 2020 as a result of Circuit Breaker measures.<sup>14</sup>

The impact of the pandemic on Singapore's labour market proved to be significant, with the number of retrenchments more than doubling from 2019 to hit 26,110 in 2020.<sup>15</sup> The Government responded quickly, rolling out four budgets in as many months, amounting to S\$93 billion to support households and businesses.<sup>16</sup> The NWC, comprising tripartite representatives from MOM, NTUC, and SNEF, published a set of wage guidelines on March 30, 2020 that urged employers to consider retrenchment only as a last resort, and to upskill employees where possible.<sup>17</sup> The guidelines encouraged workers to support cost-cutting measures in order to preserve jobs. The NWC, which usually convenes annually, met an unprecedented four times in two years across 2020 and 2021 to release guidelines that would help businesses adapt to the changing COVID-19 situation.<sup>18</sup>

MOM sought to help businesses adapt to work-from-home and staggered hours arrangements implemented during the Circuit Breaker. On April 20, 2020, the Enhanced Work-Life Grant (WLG) was launched, with millions of dollars in funds disbursed to help businesses offset the cost of transitioning to different modes of work.<sup>19</sup> The Enhanced WLG saw strong demand, with the Government receiving more than 2,700 applications within the first month of its introduction, amounting to more than S\$50 million to be distributed

to companies. The Enhanced WLG expanded on its predecessor, offering employers increased funding support to implement flexible work arrangements – a model which would become more entrenched post-pandemic.

At the same time, MOM had to ensure that workers whose jobs required them to be onsite remained safe. In March 2020, MOM commenced inspections to ensure companies put in place safe management measures to reduce the risk of local transmission of the virus at workplaces. During the Circuit Breaker from April to June 2020, when only essential firms with necessary approvals were allowed to operate in their physical premises, MOM conducted enforcement checks to detect non-essential firms operating without proper approvals and ensured that essential firms which remained operational had implemented safe management measures. After the Circuit Breaker, the focus shifted to ensuring that businesses were able to resume operations in a safe and sustainable manner. MOM also investigated potential lapses in workplaces with COVID-19 clusters and took errant employers to task. These efforts provided reassurance to workers that their well-being was being looked after while they focused on doing their jobs, and provided guidance to employers on how to safely operate to keep the economy running.

Even as MOM grappled with the economic situation, another challenge was quickly unfolding for migrant workers, whose numbers stood at about 600,000 in 2020.<sup>20</sup> Of these, over 320,000 lived in dormitories, which would become the next battleground.<sup>21</sup>

### **The Outbreak in Migrant Worker Dormitories**

The first COVID-19 case in a migrant worker was detected on February 8, 2020, only 16 days after the first imported case surfaced in Singapore.<sup>22</sup> Quarantine and contact tracing protocols were immediately initiated, surfacing four other workers who tested positive. All of them, including the originally affected worker, worked at a Seletar Aerospace Heights construction site.

Although MOM had taken the necessary steps to stem transmission, the nature of the virus was poorly understood at the time. New cases did not surface in migrant worker dormitories for approximately a month, with the first dormitory cluster identified only on March 30.

Following the identification of the first cluster, cases began to surge. Employers started sending their migrant workers to be tested for the virus in hospitals so that they could be cleared for work, leading to snaking queues outside Emergency Departments.<sup>23</sup> This presented a risk: if hospitals were overwhelmed, it would paralyse the entire healthcare system. The Government subsequently issued an advisory to inform employers not to send workers to hospitals unless it was a medical emergency.<sup>24</sup> It clarified that if a worker was unwell, employers should send them to a general practitioner (GP), who would make a proper assessment and decide on the next course of action.

But when the number of cases rapidly surged in two dormitories – S11 Dormitory @ Punggol and Westlite Toh Guan – it became apparent that MOM could not manage the situation alone. By itself, MOM did not have the resources to manage the care of the 20,000 workers

who were housed in these dormitories.<sup>25</sup> To support MOM, the Multi-Ministry Taskforce (MTF), which had been set up in late January, quickly roped in other public agencies, forming the Inter-agency Task Force (ITF). The ITF was convened on April 6, 2020, and was overseen by the Singapore Armed Forces. It involved officers from the Ministry of Health, the Ministry of Communications and Information (now known as the Ministry of Digital Development and Information), the Home Team, MOM, and other agencies. It had a chain of command that reported through then-MOM Permanent Secretary Mr Aubeck Kam to then-Minister for Manpower Mrs Josephine Teo, and finally to the MTF.

The ITF had to work fast and at scale. Its first big task was to manage the two affected dormitories in Punggol and Toh Guan, which had been gazetted as isolation areas on April 5, 2020. By April 21, this was expanded to all 43 Purpose-Built Dormitories (PBDs) as well as Factory-Converted Dormitories and Construction Temporary Quarters.<sup>26</sup> These dormitories, where as many as 12 to 16 workers shared a room, were potential hotspots for the virus.<sup>27</sup> The ITF swiftly deployed Forward Assurance and Support Teams (FAST) to support dormitory operators. Medical facilities and triage clinics were quickly set up, along with services that were essential in other ways: free SIM cards and WiFi so that migrant workers could keep in touch with family and friends.<sup>28</sup> But the density of the dormitories made it difficult to carry out proper isolation of sick workers. A critical decision was made to segregate older workers and those with underlying health conditions, which infectious disease expert Professor Dale Fisher later described as a “very novel” strategy that focused on preventing death rather than transmission, contributing to the low fatality rate.<sup>29</sup>

Some 10,000 migrant workers in essential services were relocated from dormitories to alternative accommodations such as Housing Board flats, floating hotels, and military camps.<sup>30</sup> This move helped minimise the impact of movement restrictions on essential sectors.

The isolation of dormitories was a drastic decision, but it had to be done. “We know that there are going to be some adjustments to be made by the companies, but we seek the cooperation of both the employers and workers on this new condition,” said Mrs Josephine Teo at a virtual press conference held at the time.<sup>31</sup> “It is a necessary measure to minimise the risk of transmissions.” This was reiterated by Minister for Manpower Dr Tan See Leng in a speech in Parliament in March 2023.<sup>32</sup> “If we had not (put dormitories under lockdown), the transmission among migrant workers across the dormitories and into the community would have been much more severe and much more widespread.” He added that this could eventually result in a situation similar to that of other countries: a high number of cases, an overwhelmed healthcare system, and consequently, a high death rate.

To help employers cope with the disruptions from the virus outbreak in the dormitories, the Government provided levy waivers and rebates totalling some S\$1.3 billion by July 2020.<sup>33</sup> MOM made it clear to employers that they had to continue paying migrant workers in their employ or allow them to work for a different employer. Compliance with this directive was made a condition of levy rebates.<sup>34</sup> Employers thus used the Government support to meet their obligations to their migrant workers, which assured them of their livelihoods during the difficult period.

There was also a long-term view. Bringing the situation in dormitories under control was essential for economic recovery. Once measures were eased, companies would have a ready pool of workers to tap on, accelerating business recovery and minimising long-term disruptions.

But how the situation was brought under control mattered too. Then-Prime Minister Mr Lee Hsien Loong had gone on national television to deliver a message of assurance. “We are paying close attention to the welfare of the foreign workers,” he said in his address to the nation on April 10, 2020.<sup>35</sup> “If any of their family members watch my video, let me say this to them: We appreciate the work and contributions of your sons, fathers, husbands in Singapore. We feel responsible for their well-being. We will do our best to take care of their health, livelihood, and welfare here, and to let them go home, safe and sound, to you.”

Prior to the vaccine roll-out in 2021, migrant workers were systematically and regularly tested for the virus. This mass testing was conducted with a clear objective: not to contain the virus but clear it from the dormitories.<sup>36</sup> On August 11, 2020, all dormitories were declared cleared of COVID-19, other than blocks designated as quarantine facilities.<sup>37</sup>

### **Local Recovery Measures**

Once measures were in place to combat the immediate fallout of the pandemic, the Government turned its attention to other areas. As Deputy Prime Minister Mr Heng Swee Keat noted in Parliament in



April 2020, “saving lives (was the Government’s) topmost priority... saving jobs (came) next”.<sup>38</sup> Specifically, reducing job losses for locals was a key goal.

Steps towards this had already been taken as early as February 2020, when the Jobs Support Scheme (JSS) was rolled out as part of the Unity Budget.<sup>39</sup> It was subsequently enhanced in later Budgets, once it was clear that the pandemic would be a protracted event – unlike the outbreak of severe acute respiratory syndrome (SARS), which subsided within three months in 2003. The JSS provided wage subsidies to businesses to encourage them to retain local employees, with over S\$7 billion paid out to employers just in the month of April.<sup>40</sup> This helped to co-fund the wages of over 1.9 million local employees. Between March to December 2020, it is estimated that pay-outs from the JSS saved a total of 165,000 local jobs.<sup>41</sup>

Implementing the JSS helped to shield the local workforce from some of the winds that were buffeting labour markets worldwide.<sup>42</sup> Yet, employers who were under the initial perception that JSS pay-outs had to be wholly dispensed as wage subsidies for employees found it hard to cope. Some felt that they needed the JSS funds to survive instead. MOM, NTUC, and SNEF adapted to their needs, putting out an advisory in June 2020 to inform employers that if necessary, they should discuss with unions and employees how JSS pay-outs should be used to cover business costs as well as provide some measure of salary support to employees.<sup>43</sup> It was an example of how the Government, unions and businesses worked together to be responsive to needs, in order to achieve the best outcome.

At the same time, self-employed persons, including hawkers and private hire and delivery workers, were included in the support measures. Working closely with NTUC, MOM announced that self-employed persons with fewer financial resources would be able to tap the Self-Employed Person Income Relief Scheme (SIRS). Under SIRS, eligible self-employed persons would receive three cash pay-outs of S\$3,000 each in May, July and October 2020.<sup>44</sup> The scheme provided a total of S\$1.8 billion in support to close to 200,000 self-employed persons.<sup>45</sup>

Lower-wage workers, many of whom continued to serve in essential functions throughout the pandemic, received Workfare pay-outs of up to S\$4,000 annually, on top of additional cash support.

Apart from aiding job retention, the Government sought to support jobseekers. MOM, for example, published Job Situation Reports that provided jobseekers with timely information on job and traineeship openings, skills-in-demand and relevant employment support programmes.<sup>46</sup> Between August 2020 and November 2021, a total of 28 editions were published. The frequency of the updates was an unprecedented move for MOM, and were a valuable resource for jobseekers and businesses planning their manpower needs.<sup>47</sup>

Another key initiative rolled out was the SGUnited Jobs and Skills Package, which placed jobseekers in short-term roles related to COVID-19 operations, as well as in longer-term jobs in the public and private sectors.<sup>48</sup> Between April 2020 and April 2022, some 200,000 jobs were filled through the various programmes under the Package.

The national effort featured close collaboration between MOM and partners across Government agencies, community and industry groups, technology providers and recruitment agencies to step up job-matching efforts, including for young Singaporeans to address concerns about a “lost generation”, referring to the potentially long-lasting impact of COVID-19 on young adults.<sup>49</sup>

By 2021, local recovery measures had borne fruit. Singapore’s resident employment rate had risen above pre-pandemic levels, driven both by demand for temporary manpower for COVID-19-related roles as well as permanent jobs.<sup>50</sup> The economy was on the path to recovery.

### **Vaccinations at the Workplace**

In early 2021, Singapore began taking its first tentative steps towards living with the virus. A key strategy was vaccinating the population. The first shipment of vaccines arrived in Singapore in December 2020, with the vaccination drive proceeding in earnest by early 2021 – albeit with some disruptions due to the emergence of new COVID-19 strains, such as the Delta variant. Over the course of that year, segments of the population were progressively vaccinated, with priority given to healthcare and other frontline workers, as well as those vulnerable to severe disease and complications if they fell ill with COVID-19.<sup>51</sup>

As more people were vaccinated against COVID-19, the Government introduced vaccine-differentiated safe management measures in various locations, including workplaces. In December 2021, amid an outbreak of Omicron – the latest strain of the virus – it was announced

that new Workforce Vaccination Measures would apply. From January 15, 2022, unvaccinated workers would not be allowed to return to workplaces even if they tested negative for COVID-19 24 hours before.<sup>52</sup> At the time the announcement was made, 91 per cent of the eligible population had already been fully vaccinated.<sup>53</sup>

Naturally, vaccine-differentiated measures at the workplace were a sensitive issue that had to be carefully navigated by the tripartite partners. It was one that had been on the table for some time. “Both employers and unions are mindful that vaccination is voluntary,” said Mrs Josephine Teo in a written answer to Parliament on April 8, 2021.<sup>54</sup> “At the same time, workforces with a higher rate of vaccination are likely to be more resilient against outbreaks, which can help ensure the survival of businesses. This is ultimately also in the workers’ interest.”

Across 2021, tripartite advisories on COVID-19 vaccination at the workplace were released to help employers and workers navigate what could sometimes be an emotionally charged zone. For example, an advisory updated on October 23, 2021 advised employers that special consideration should be given to employees who were ineligible for vaccination.<sup>55</sup> These employees must be allowed to work from home where possible, and their absence from the workplace should not affect their performance assessments. An updated advisory released on December 27, 2021 provided further advice to employers who were managing unvaccinated workers who were required to work on site. The advisory noted that the termination of employment with notice should only be a last resort for this group of employees.<sup>56</sup>

While new variants undoubtedly posed obstacles to the resumption of economic and social activity, the availability of vaccines was a strong silver lining. “The increase in the number of COVID-19 cases in the community is a reminder that we are still in the midst of the pandemic and the economy has not fully reopened yet,” said Dr Robert Yap, then-President of SNEF, on May 14, 2021. “However, due to the vaccination programme and strong tripartite cooperation, SNEF is cautiously optimistic of (Singapore’s) economic prospects in 2021.”<sup>57</sup>

### **Shoring Up Migrant Workers’ Mental Health**

Recognising the mental health risks posed by the situation, a new taskforce was formed in November 2020 to enhance mental health care support for migrant workers. Named Project DAWN (Depression, Awareness, Well-being, Normalisation), the taskforce comprised Government psychologists, representatives from MOM, the Institute of Mental Health, the Migrant Workers’ Centre, and HealthServe, a registered charity dedicated to supporting migrant workers.<sup>58</sup> The taskforce took a collaborative and comprehensive approach to strengthening the mental health resilience of migrant workers. For example, it trained FAST officers to perform psychological first aid, while ensuring migrant workers had access to mental health resources. Similarly, HealthServe piloted a new 24-hour crisis helpline from August 2021 and led the training of selected migrant workers to play the role of Peer Support Leaders who could then support the community from the inside.<sup>59</sup>

This was complemented by efforts from non-governmental organisations (NGOs). Project Migrantwell, for instance, began in

2020, and was a combined initiative by the estates of Khoo Teck Puat and Ng Teng Fong, as well as the Singapore Business Federation Foundation and St. Andrew’s Mission Hospital.<sup>60</sup> Recognising the important role migrant workers played in Singapore’s economy, Project Migrantwell provided medical services, including psychological care services, to migrant workers, with contributions by its founding donors totalling S\$20 million.

The arrival of the vaccine was another step back to normalcy for migrant workers, as it was for the local community. As then-Second Minister for Manpower Dr Tan See Leng noted in Parliament in 2021, migrant workers would be vaccinated according to the same timeline as the rest of the nation, with workers in higher-risk dormitories to be vaccinated first.<sup>61</sup> By November that year, over 98 per cent of migrant workers living in dormitories were fully vaccinated.<sup>62</sup> Up till then, only 3,000 migrant workers had been allowed to visit the community each week, and they were restricted to certain areas such as Little India or Geylang Serai. Daily visits to recreation centres (RCs) had been capped at four hours. But high vaccination rates in the migrant worker community allowed this scheme to be expanded, with up to 3,000 fully vaccinated workers allowed to visit the community each day from December 3, 2020, with no restrictions on location. Visits to RCs were also extended to eight hours.

The gradual relaxation of movement restrictions on migrant workers, combined with initiatives to support their mental health, helped to address the psychological impact of the pandemic on migrant workers and shore up their mental resilience during the crisis. MOM subsequently collaborated with non-governmental partners such

as Passion To Serve, 24asia, the Singapore Institute of Technology, HealthServe, and Big At Heart to organise mental health roadshows, games, and even yoga sessions once restrictions had relaxed.<sup>63</sup>

### **Building Long-Term Resilience for Migrant Workers**

Now that the worst of the crisis was over, it was time to double down on the transformation roadmap for the migrant worker community. In doing so, MOM considered three key areas, the first of which was housing resilience. As COVID-19 had made clear, living conditions in the dormitories had made migrant workers particularly susceptible to the spread of the virus. In 2022, MOM proceeded to make amendments to the Foreign Employee Dormitories Act, first introduced in 2015, to ensure that improved living standards were applied to more dormitories (see Chapter 11).

The second area was in healthcare resilience. The pandemic had highlighted healthcare gaps in the migrant worker community, with Dr Tan See Leng noting in 2021 that migrant workers often avoided seeking medical attention until their conditions had deteriorated significantly.<sup>64</sup> “We hope that every migrant worker can be registered with a designated medical centre or GP clinic near where they live and work to foster better continuum of care and better doctor-patient relationships,” he added. “In this way, we will shift beyond episodic care to better manage chronic health conditions, including mental health.”

In other words, it was a preventive healthcare approach. “The moment COVID-19 became endemic, we divided the entire migrant worker

dormitory ecosystem into different clusters,” said Dr Tan See Leng in an interview for this book.<sup>65</sup> “We ensured that there would be consistency in terms of medical coverage for employers who had migrant workers living in dormitories.”

This was done through the Primary Care Plan (PCP) introduced by MOM that would help employers cover their workers’ basic primary healthcare costs.<sup>66</sup> From April 1, 2022, it became mandatory for employers to purchase PCPs for migrant workers who lived in dormitories with seven or more beds or who worked in the construction, marine shipyard, and process sectors. Healthcare services were offered by four healthcare providers in six zones across Singapore, with migrant workers making a co-payment of S\$2 and S\$5 per telehealth and in-person session respectively.<sup>67</sup> These medical centres were staffed by personnel who could speak in migrant workers’ native languages and provide translations of healthcare materials and medical and treatment plans in these languages.

One important consideration was cost. Who was going to shoulder the increased burden of healthcare costs? From MOM’s perspective, the financial responsibility lay with employers. To offer employers clarity of cost and protection against unexpected healthcare bills, MOM adopted a capitation funding model, where employers only pay an annual PCP rate of S\$108 to S\$138 per worker as of 2025 – excluding minimal co-payments by workers to promote ownership over their own health.<sup>68</sup> Such a model provided cost clarity to employers and kept medical expenses affordable for workers, ensuring a win-win outcome for both parties. It is one of the first schemes of its kind in the world that aims to bring medical costs down for migrant workers.

The scheme offered advantages for both migrant workers and employers. “By pooling the services that are required, you can ensure a higher and more consistent level of care, rather than relying on individual contractual agreements,” said Dr Tan See Leng.<sup>69</sup> “The cost is also spread out across different industries, so you enjoy economies of scale. There’s affordability and predictability in terms of costing for employers.” This would help contain not just large-scale pandemics, but smaller outbreaks of minor illnesses like conjunctivitis or varicella (chickenpox). It would also help to minimise work disruptions and build a healthy and productive migrant workforce.

The third and final area was in social well-being and recreational needs. Throughout the pandemic, MOM worked with NGOs and migrant workers themselves to ensure that workers had adequate recreational facilities where they could relax after work and during their rest days. RCs are a crucial part of this effort, serving as nexus points for workers to gather and partake in communal activities, such as retail bazaars, sports, and cooking competitions. From 2024, external partners were appointed to take over the running of some RCs to ensure activities remain diverse and engaging for migrant workers.

### **Lessons Learnt**

There were several takeaways from the COVID-19 experience. On the employment front, the pandemic underscored the need for more accessible job-matching services for jobseekers, said Dr Tan See Leng in a speech in Parliament in 2023.<sup>70</sup> Diverse employment channels, such as the SGUnited Mid-Career Pathways Programme, proved crucial in helping mature jobseekers find prompt employment. But

most importantly, he emphasised, “COVID-19 has also demonstrated that we should and must continue to build on tripartite trust and partnerships as a key competitive advantage for Singapore.”

Indeed, strong tripartite cooperation played a key role in guiding businesses and workers through the pandemic. The tripartite partners formulated some 20 advisories during the three years of COVID-19 – a stark contrast to the one to two advisories published during SARS and H1N1. “Our mindset was that we needed to look at the issues at hand objectively and to solve them without sinking the boat. We took a problem-solving approach and were not driven by emotions and ground politics,” said Mr Then Yee Thoong, Divisional Director of the Labour Relations and Workplaces Division at the time.<sup>71</sup> The spirit of cooperation extended beyond the tripartite partners, with individuals, businesses, trade associations, and civil society groups all putting their hearts and minds to the whole-of-nation response to the crisis.

Another lesson was the importance of building up capacities and capabilities in peacetime that could then be quickly activated in times of crises. This is already being done through infrastructure like migrant worker medical centres, which are “pandemic-ready”. They come equipped with segregated waiting areas and treatment rooms that aim to minimise the transmission of contagious diseases.<sup>72</sup> New MOM divisions such as the Assurance, Care and Engagement (ACE) Group, also play an important role as a receptacle of trust and “soft capital” (see Chapter 11), especially since MOM’s ground presence in dormitories was not strong before the pandemic. ACE Group would be critical in communicating with workers, educating them on important matters, and coordinating essential logistics in future pandemics, said

former MOM Permanent Secretary (Development) Mr Chia Der Jiun in an interview for this book.<sup>73</sup>

The Government's response to COVID-19 was not perfect. At times, it drew criticism from the public, especially for decisions regarding the movement restrictions of migrant workers. Yet this criticism was illuminating in itself. "Actually, it means that there is more support, that Singaporeans are prepared to do more for migrant workers," said Mr Aubeck Kam in an interview for this book.<sup>74</sup> "I think COVID-19 allowed for a certain reflection, not just in MOM but in Singapore at large. Singaporeans had an opportunity to look afresh, and based on the sentiments there was a window to make improvements."

Era 7

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## **Pro-Growth, Pro-Worker, Pro-Singapore**

## Chapter 13

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# Developing a Complementary Foreign Workforce

**B**y 2022, the worst of the COVID-19 pandemic was over. But as Singapore and the global economy emerged from the crisis, competition for skilled workers in growth sectors would heat up once again.

Singapore has long been regarded as a global talent hub, and at the time ranked second in INSEAD's 2022 Global Talent Competitiveness Index.<sup>1</sup> However, as other economies – such as the United Kingdom, Dubai, and Hong Kong – stepped up their efforts to woo top international talent through special visas and other schemes, Singapore had to remain ahead of the curve.<sup>2</sup> “We must stay open and connected to the world,” stressed then-Prime Minister Mr Lee Hsien Loong at the National Day Rally in August 2022. While globalisation was on the wane, and countries turned inwards and grew more protectionist, the only way Singapore could survive was for it to remain a global city, he said. “When it comes to top talent, we can never have enough,” he added. “We need to focus on attracting and retaining top talent, in the same way we focus on attracting and retaining investments.”<sup>3</sup>

Singapore's strong track record in handling the pandemic had bolstered its reputation for quality and efficiency, and the country must seize the opportunity to secure its place in the post-COVID world, noted Mr Lee Hsien Loong. "Businesses want to invest in places where the talent is, business follows the talent, and they also look for places where the politics and policies are stable, and where the system works... We already have schemes to attract and retain top talent, especially in the technology industry. But we need to do more, especially in the sectors with good potential. We want to make top talent everywhere sit up, pay attention, and think seriously about coming to Singapore."

### **Singapore as a Global Hub for Talent**

To attract global talent to Singapore, the Government unveiled a number of new initiatives in 2022.<sup>4</sup> A new Overseas Networks & Expertise (ONE) Pass, for example, would allow rainmakers to start, operate, and work for several companies in Singapore concurrently. The pass would be valid for five years – more than twice as long as a regular Employment Pass (EP) – and also facilitate the spouse of its holder to seek employment in Singapore.<sup>5</sup> People earning a fixed monthly salary of at least S\$30,000, comparable to the top 5 per cent of EP holders; or who had outstanding achievements in arts and culture, sports, science and technology, or research and academia, could apply from January 2023.

All this would make working in Singapore more attractive to global talent – and, by extension, attract businesses to Singapore and create more job opportunities for locals. Furthermore, global talent would help sharpen Singaporeans' competitive edge and fill gaps in specialist areas. "We need global talent to supplement and complement what we don't have, to come in and show us how to get it done, teach our people, and even introduce us to their networks," said Minister for Manpower Dr Tan See Leng in an interview for this book. "You need

a constant cross-fertilisation of ideas...and a transfer of expertise to our local workforce." Singaporeans must stay hungry and learn from the best, he added. "We must avoid inertia and complacency. We have to keep moving. And to keep moving, we need to find out what the world is doing and prepare our workforce for it."<sup>6</sup>

Being a global talent hub goes beyond attracting the best to come work in Singapore. It is equally about developing Singaporeans to become global leaders. A dynamic economy, the presence of many leading multinational companies, and the expansion of local businesses into the region and beyond – all these provided fertile soil to bring out the best in Singaporeans. But, as with global talent, this could not be taken for granted. The Government has been investing heavily in leadership development programmes such as the Singapore Leaders Network (SGLN) and SGLN Fellowship by EDB, the Singapore Global Executive Programme by Enterprise Singapore, and the SG Digital Leadership Accelerator by IMDA. With the intensifying need for capable corporate leaders to enable Singapore's businesses to maintain their global competitiveness, more needed to be done to strengthen the pipeline of potential local corporate leaders.

The 2023 Forward Singapore report highlighted that developing and nurturing Singaporean global leaders is one of the Government's top priorities in the years ahead. Effective leaders in global organisations require deep knowledge of global markets and the ability to work across borders and cultures. Therefore, the Government expanded its suite of programmes to support businesses to send locals overseas. In 2024, EDB launched the Global Business Leaders Programme targeting middle to senior managers, while Workforce Singapore launched the Overseas Markets Immersion Programme (OMIP) targeting employees with little to no overseas exposure. Both programmes provided funding to businesses to offer developmental opportunities for their Singaporean employees, including overseas work assignments for in-market training and exposure.



### Ensuring the Complementarity of EP Holders and S Pass Holders

Singapore's economy depends not only on global talent, but also a highly-skilled workforce at every level. The EP allows businesses to hire foreign Professionals, Managers, Executives and Technicians (PMETs), while the S Pass caters for Associate Professionals and Technicians (APTs). The defining objective of the work pass framework is complementarity with the local workforce. The goal was to build the most competitive workforce that could grow the economic pie and create better opportunities for Singaporeans.

The EP framework ensures that foreign PMETs are of high calibre compared to local PMETs. The framework needed to adapt as the local workforce grew in quality and the needs of Singapore's economy shifted. To this end, MOM introduced a number of adjustments to the EP framework.<sup>7</sup>

The minimum qualifying salary for EP applicants was pegged to the top one-third of local PMET wages in 2022, to set a high quality bar. It was raised that year from S\$4,500 to S\$5,000 (and from S\$5,000 to S\$5,500 for those employed in the financial services sector). Unlike the earlier round of tightening in 2020, the aim this time was to ensure that the qualifying salary kept pace with local wage growth.<sup>8</sup> While salaries were a useful indicator of the value of the EP holder, it was a blunt instrument on its own. Thus, in 2023, a points-based system, the Complementarity Assessment Framework (COMPASS), was introduced to holistically evaluate candidates. In addition to meeting the EP qualifying salary, EP applicants had to score at least 40 points on COMPASS based on several criteria:<sup>9</sup>

- The candidate's salary relative to local PMET wages in their respective sectors.
- The candidate's qualifications.
- The firm's nationality diversity and whether the candidate improves it.
- The firm's support for local employment compared to its industry peers.

In addition, candidates could score bonus points if their roles were in short supply in Singapore, such as AI engineers, cybersecurity architects, and carbon traders;<sup>10</sup> or if the businesses hiring them were involved in ambitious innovation, investment, or internationalisation activities in line with the country's strategic economic priorities. Companies were evaluated relative to their industry peers rather than a one-size-fits-all benchmark. "It doesn't disadvantage sectors, such as IT, that are more reliant on EP holders because we don't have enough local supply," remarked former MOM Permanent Secretary Mr Aubeck Kam in an interview for this book.<sup>11</sup>

The aim of the new framework was to make the evaluation process more transparent, while encouraging businesses to improve their workforce profile. "For employers, they will find that the system is responsive to the industry's needs, and easier to navigate with a transparent, predictable, and clear framework. It also recognises their efforts to build up a strong local pipeline and to maintain a diverse foreign workforce," said Dr Tan See Leng. "For our local workforce, they will have greater confidence that EP holders here are of a high calibre, and will better complement their teams. And that their employers will also make efforts to develop their local pipeline and maintain workforce diversity seriously. And lastly...COMPASS will allow us to remain open to complementary talent in short supply here so we can grow our frontier industries to bring us into the next stage of growth."<sup>12</sup>

Similarly, MOM made moves to increase the quality of S Pass holders. In 2022, MOM announced it would raise the minimum qualifying salary for new S Pass applicants.<sup>13</sup> The minimum qualifying salary, added to the S Pass levy, would be raised gradually to bring the total cost of hiring an S Pass holder to at least the wages of the top one-third of local APTs.

To give companies time to adapt, the new changes would kick in in three phases: September 2022, September 2023, and September 2025. The first phase

bumped up the S Pass minimum qualifying salary from S\$2,500 to S\$3,000, with a higher minimum threshold of S\$3,500 for the financial services sector. The changes came on the back of previously announced reductions in the S Pass quotas for the manufacturing sector, which had fallen from 20 per cent of a business's total workforce in 2021 to 18 per cent in 2022, and were set to decline further to 15 per cent in 2023.<sup>14</sup> Some businesses had relied on the S Pass to hire non-PMETs from sources that were not allowed under the Work Permit. As the S Pass was targeted at APTs, MOM introduced the Non-Traditional Sources Occupation List to allow these businesses to right-site some of these non-PMET S Pass holders to Work Permits instead.

While some businesses welcomed the efforts to attract global talent and improve the speed and predictability of EP applications, others expressed concerns about the higher salary thresholds for the EP and S Pass. They said that the move would drive up business costs, worsen hiring woes, and impede plans for expansion. There were fears, too, that some companies might resort to offshoring certain roles to save money – which would in turn stunt the growth of local talent.<sup>15</sup>

“The manpower-tight situation is such that many companies are not operating at where they need to be. When they want to think about expansion, it is very difficult, and some of them have to scale down their operations,” said former SNEF Executive Director Mr Sim Gim Guan in an interview for this book, noting a “significant” cost impact for companies due to increases to the work pass salary thresholds.<sup>16</sup>

These challenges were not trivial. With the improving educational profile and increasing aspirations of Singaporeans, wage depression from low-cost competition was another risk that needed to be managed.<sup>17</sup> Without good employment outcomes for locals, public acceptance for skilled immigration

would be eroded and, with it, Singapore's economic competitiveness down the road.

### **Work Permit Holders**

Given Singapore's infrastructural and societal constraints, it was simply not tenable to absorb large numbers of foreign workers. To support productivity-driven growth, Singapore's work pass framework would have to raise the quality of foreign workers, and allocate them to more productive areas. “The proportion of the foreign workforce is already sizeable today and it cannot increase much more. Hence if we are to increase the proportion of EPs, we would have to adjust the proportion of Work Permit holders (WPH) accordingly. We would have to find ways to efficiently allocate these WPH numbers to the right firms and sectors,” said MOM Permanent Secretary Mr Ng Chee Khern.<sup>18</sup>

Adjustments to the Work Permit framework were also unveiled in 2022 to encourage businesses to reduce reliance on lower-skilled foreign workers and move up the value chain so that higher wages are undergirded by higher labour productivity. To spur greater productivity in the construction and process sectors, their Dependency Ratio Ceiling would be lowered from 1 local employee to 7 foreign employees (1:7) to 1:5, while the Man-Year Entitlement framework would be replaced with a levy framework to encourage businesses to adopt more efficient construction methods and technology, such as pre-fabrication, and hire more higher-skilled Work Permit holders.<sup>19</sup>

In 2024, MOM also increased the Local Qualifying Salary – the minimum sum a local needs to be paid to qualify as “1 local worker” in quota calculations – from S\$1,400 to S\$1,600 a month for full-timers, and from S\$9 to S\$10.50 an hour for part-timers.<sup>20</sup> This was to keep pace with wage growth, and ensure locals in non-PMET jobs were not employed on token salaries for companies to meet quotas and access foreign workers.<sup>21</sup>

This shift to a leaner Work Permit workforce is necessary, but the transition will not be easy for everyone, noted MOM Deputy Secretary (Workforce) Mr Kenny Tan.<sup>22</sup> He noted that businesses that are over-reliant on cheap foreign labour will need to innovate and find new, leaner ways of operating. Consumers who have long enjoyed labour-intensive services at low prices due to the availability of cheap foreign labour will have to adjust their preferences and expenditure. Work Permit policies are thus tightened gradually, with ample forward notice, and together with other measures to support businesses to transform and to help lower-income families manage higher costs of living. At the same time, the Work Permit framework will continue to provide flexibilities for manpower-intensive essential services, such as healthcare and environmental services, to ensure the availability and resilience of these services.

Beyond the flexibilities for companies in essential services, the Government also stepped up its efforts to support strategic firms that commit to developing Singapore's local workforce. Under a new Manpower for Strategic Economic Priorities (M-SEP) Scheme launched in December 2022, companies could, for a limited period, recruit S Pass and Work Permit holders beyond the Dependency Ratio Ceiling – while committing to developing Singapore's local workforce.<sup>23</sup> The scheme was targeted at “needle-moving enterprises”, said Dr Tan See Leng at the launch. He added that this would “translate into a lot more opportunities for our local Singaporeans to move up the career path and at the same time, allow firms to get the type of technical expertise and talent needed”.<sup>24</sup>

### **Benefitting Singaporeans**

As of June 2024, Singapore had more than 1.25 million foreign workers (excluding migrant domestic workers), including 202,400 EP holders and 176,400 S Pass holders. Both had been on an upward trend since the COVID-19 dip, with EP numbers surpassing pre-pandemic levels.<sup>25</sup> The foreign

workforce makes up about one-third of the total workforce (excluding migrant domestic workers).<sup>26</sup>

The balanced approach has helped locals to secure good jobs. The number of resident PMETs grew by 380,000 between 2013 and 2023, while EP and S Pass holders grew by 50,000 during that same period. Resident income also grew by 21.6 per cent in real terms during the 10-year period. Overall, Singapore's labour market is at close to full employment. Singapore's resident employment rate was 66.2 per cent in 2023 – the fourth highest among advanced OECD economies. The resident unemployment rate and long-term unemployment rate that year were also very low, at 2.7 per cent and 0.7 per cent respectively.<sup>27</sup>

The need for foreign manpower is a pressing one. Without supplementing its resident workforce with foreign workers, Singapore would not be able to meet the demands of its growing economy. The resident fertility rate, after all, has been on a downward trend for decades, falling to a historic low of 0.97 in 2023 – well below the replacement rate of 2.1.<sup>28</sup> The number of residents supporting Singapore's ageing population has also fallen, with the old-age support ratio dropping from 6.0 in 2014 to 3.5 in 2024, and projected to fall further to 2.7 in 2030.<sup>29</sup> When non-resident workers are included, however, the ratio increases to 5.2 per elderly resident in 2024, reflecting how foreign manpower can offer some relief.<sup>30</sup>

“We must not view residents and foreigners as a zero-sum game and continue to draw divides,” cautioned Dr Tan See Leng. “Thriving businesses with access to complementary foreign talent will not only lead to more job creation, but also improve overall wage outcomes, as businesses expand and improve their productivity,” he said. “By growing our economic pie, we will be better able to secure positive outcomes for Singapore and Singaporeans.”<sup>31</sup>

Foreign-owned businesses – which are drawn to Singapore in part because of its pool of global and local talent – have had a significant positive impact. As of the second quarter of 2024, such businesses made up around 20 per cent of businesses in the country and provided jobs for nearly one-third of its employed residents. They accounted for a disproportionate share of higher-paying jobs: 60 per cent of residents with a gross monthly income of more than S\$12,500 were hired by foreign companies. They also create business for local small and medium enterprises, which in turn create many jobs for Singaporeans.<sup>32</sup>

At the aggregate level, the foreign workforce has benefitted Singapore and Singaporeans. However, locals' anxieties and concerns arising from greater competition with foreign workers in the workplace cannot be ignored. While competition cannot be avoided if Singapore is to continue to earn its place in the world, the Government will enable Singaporeans to compete strongly on a fair and level playing field – through efforts such as the Fair Consideration Framework, Tripartite Guidelines on Fair Employment Practices, the Tripartite Alliance for Fair and Progressive Employment Practices, and Workplace Fairness Legislation (see Chapter 15). At the end of the day, the objective of foreign workforce policy is to create more opportunities for Singaporeans.

“If Singaporeans do not see how bringing in highly-skilled foreign workers benefits them in their everyday lives, then the level of acceptance for staying open to the world will be low, and our policy space constrained,” said Mr Kenny Tan. “Most Singaporeans do understand why we need to attract more high-quality EP holders. Such individuals, together with their Singaporean counterparts, help our businesses to compete and succeed. In turn, that creates good jobs for locals and resources to raise our standards of living. But this also means greater competition at the individual level, and not everyone will come out on top. So we need to recognise that foreign workforce policy has a very real and visceral impact on local firms and workers. We have to recognise and

address the concerns of Singaporeans, and equip them to compete strongly on a level playing field. Most of all, we must ensure that every Singaporean has the opportunity to share in the country's economic success, and no one is left behind,” he added.

For Dr Tan See Leng, it is also a matter of trust: giving Singaporean workers the confidence that the Government has their back. “By constantly building competencies and capabilities, ensuring that meritocracy continues to be the bedrock of our workforce policies, and making sure that our locals have an equal – maybe more than equal – chance, that builds trust,” he remarked. “The moment that trust drops, we will become very insular, which we cannot afford to be.”<sup>33</sup>

## Chapter 14

# Empowering Workers Through Career Health

Exercise regularly, eat a healthy diet, and go for regular check-ups. Minister for Manpower Dr Tan See Leng, who dispensed such advice when he was a practising doctor, sees it as a fitting analogy today for how people should plan their working lives. As employment cycles shorten and industry transformation accelerates, workers need to adopt good habits for lifelong employability or “career health”: go for regular “career health checks” to learn how to seize opportunities in the labour market; develop a plan to upskill and reskill themselves, whether through training or by taking on roles that stretch their abilities; and bounce back stronger if they lose their jobs.

“With the average half-life of skills now at five years, and going as low as two and a half years in some tech fields, the concept of lifelong employability and lifelong learning is at the forefront more so than ever,” said Dr Tan See Leng at a careers event in March 2024, where he pointed to the rapid changes in skills needed for jobs, and disruptions in the labour market by technologies such as AI. “Just as we spend a lot of time talking to people about physical health, how you should try to exercise more, eat healthily, have regular medical check-ups... We are now modelling and nudging, encouraging all Singaporeans to take care

of their own career health,” he added.

The maxim “prevention is better than cure” also applies to careers. “Instead of acting only when things go wrong, we should be constantly, actively developing our own career plans and pursue jobs and training opportunities in a focused and intentional manner. And we need to constantly review, adapt, and tweak our career plans based on changes in the labour market and how our life priorities, at different stages of our life, evolve,” said Dr Tan See Leng.<sup>1</sup>

Career health has three aspects. “First, being aware of opportunities in the labour market and how to seize them,” noted Dr Tan See Leng in a Parliamentary reply. “Second, taking proactive and purposeful actions towards one’s career goals and keeping up one’s employment resilience. Third, being able to bounce back from setbacks. Better career health is key to helping our workers move up the career ladder, stay employable, or switch to a new job that better matches their skills and interests.”<sup>2</sup>

While career health appears to be focused on individuals, its significance goes well beyond that. “Underlying it is this critical need to maximise the human potential of our entire workforce, an increasingly acute need as our workforce ages,” added MOM Deputy Secretary (Workforce) Mr Kenny Tan. “As our economy transforms, career health helps our businesses to succeed and workers to seize new opportunities. This ultimately strengthens the social compact – everyone has the opportunity to have meaningful careers and good jobs, and no one will be left behind.”<sup>3</sup>

## The Need for Greater Labour Mobility

MOM’s focus on career health came on the back of a national effort to refresh the Government’s Industry Transformation Maps (ITMs) from 2021.<sup>4</sup> The ITM refresh placed several key issues on the agenda.<sup>5</sup> Firstly, more jobs were at risk of

disruption. With business cycles becoming shorter and more volatile, workers would likely either have to change jobs or even switch industries at some point in their lives. The need to continually update one's skills to keep pace with the rapidly changing economic landscape is greater than ever. According to a 2023 report by the World Economic Forum, an estimated 44 per cent of workers' skills would be disrupted in the next five years.<sup>6</sup> Secondly, in resource-constrained Singapore, economic transformation requires freeing up resources, including labour, from less productive areas and channelling these resources to more productive, growth areas. Notwithstanding significant investments in skills training and efforts (see Chapter 8), not enough Singaporeans were moving into higher productivity sectors and new growth areas, such as sustainability and information and communications technology.

This is in part due to an information gap, said Mr Kenny Tan. "We often hear that people do not know what to train in. Underlying that is an uncertainty of what career options are available and realistic in a fast-changing economy," he added. "Faced with such uncertainty, most will stick to what is known and what is safe. When jobseekers apply for jobs on the MyCareersFuture job portal, we observe that they typically apply very narrowly, for roughly the same kind of job they are currently in, or within the same sector. Making bigger career switches is risky, as is taking a lot of time off to go for training when you do not know whether there is a good job at the end of it. Tackling this information gap, empowering every Singaporean to identify new opportunities, and supporting them to make longer-term career plans to achieve their career aspirations – this is what career health is about."

A "paradigm shift" was therefore necessary, said MOM Permanent Secretary Mr Ng Chee Khern. "We need to move beyond helping the vulnerable groups which delivers the social objective of inclusive growth. We also need to help the broad middle to harness their human capital and potential and achieve

greater economic growth."<sup>7</sup> Using a medical analogy in an interview for this book, he added: "You must always help the chronically ill, the patients in the acute hospital. You also need to work upstream with the Singaporeans who are still healthy to prevent them from becoming unhealthy. Prevention is better than cure."<sup>8</sup>

### **Introduction of Career Health SG**

The idea of career health gained traction during the Government's Forward Singapore conversations in 2023.<sup>9</sup> It has since developed into Career Health SG, a national movement initiated by MOM, WSG, and SSG. At its core, Career Health SG is about maximising human potential. For Singaporeans, it is a means to achieving fulfilling careers; for employers, it serves to widen their access to talent.

Career Health SG builds on the extensive investment in the SkillsFuture continuing education and training system in four main ways: a national movement to foster a career health mindset among workers and employers; reducing information barriers in the labour market through sharing of verified, reliable jobs and skills data; leveraging technology to put data-driven insights and innovative solutions into the hands of workers and employers; and growing an ecosystem of public and private partners to cater to the diverse needs of different individuals and businesses.

The focus on career health comes as WSG takes on a more strategic role in supporting employees and jobseekers. In April 2024, WSG handed over two career centres and 10 jobs and skills centres to NTUC's Employment and Employability Institute (e2i). With this transition, WSG would primarily channel its resources into driving new nationwide initiatives to help Singaporeans stay employable.<sup>10</sup> This move would allow WSG to "move upstream" to drive jobs

transformation and reskilling efforts in Singapore, said Mr Ng Chee Khern.<sup>11</sup>

This marked a departure from WSG’s role in earlier periods, which focused on building institutional capability to facilitate job placements for workers affected by career disruptions. The focus on job matching then was “very downstream”, noted former MOM Permanent Secretary Mr Aubeck Kam. “Job matching only dealt with people who needed urgent help – a bit like the A&E department,” he said.

With more economic volatility ahead, workers will need to be ready with a contingency plan that goes beyond job-hopping. Mr Aubeck Kam added: “Then we thought, how do we engage with people one step earlier? So the idea of career health came in – we looked at the wealth of data that we had, and wondered, could the data help you be more ‘predictive’ in terms of helping people navigate job searches? Does it need to only come in when you want to search for a job, or can WSG be useful to you even earlier, to help you do a ‘diagnostic’ of your current skill set and readiness for the job market?”<sup>12</sup>

### **Empowering Workers to Take Charge of their Career Health**

One of the ways MOM is rethinking its role in helping workers stay employable is by ensuring that they have access to the right resources. Over the years, WSG’s MyCareersFuture has expanded its offerings to workers, producing content on employment trends and providing targeted tools to help them assess their careers and plan their next steps. It now does this in increasingly personalised ways.

In July 2023, it introduced CareersFinder, a service that uses Government data and AI to personalise recommendations for suitable jobs based on skills and experience, and training opportunities based on career goals. A year later, more

than 35,000 people had used the platform. “The feedback on CareersFinder has been positive,” said Dr Tan See Leng in September 2024. “Based on surveys and engagement sessions, users appreciate the data-driven insights on jobs and training opportunities. Users also go on to explore a wider range of opportunities. On average, jobseekers applied to 50 per cent more occupations after they used CareersFinder.”<sup>13</sup>

This approach is crucial as individuals who broaden their job search expose themselves to a wider range of opportunities that leverage their existing skills while opening up new job pathways. CareersFinder caters to diverse groups: people who are seeking new career opportunities but are unsure where to start; people aiming to branch into adjacent roles and identify required skills; and people looking to re-enter the workforce.<sup>14</sup>

Beyond improving career and skills assessments, workers receive support in charting their career plans. For those preferring in-person guidance, for example, Polaris offers a career guidance programme. Piloted in November 2023, it provides one-to-one coaching sessions with certified career coaches. These coaches, akin to personal trainers in gyms, assist in mapping longer-term career plans and identifying new roles in emerging sectors. Following early success, the pilot programme was expanded.

Career Health SG further supports workers in executing their career plans. In 2024, MOE, MOM, SSG, and WSG launched the Careers & Skills Passport. This tool consolidates verified jobs, training, and skills records, enabling workers to curate and share information with job portals and employers, while receiving feedback and additional recommendations.

## Supporting Employers to Widen Access to Talent

Both employees and companies have a part to play in this push towards career health. Companies have to take employees' career health seriously. In fact, it is in their interest to do so, Dr Tan See Leng stressed. "In tight labour markets especially, employers who support the career health of their workers will be better able to retain and attract workers," he said. "Your workforce becomes even more agile, and highly skilled businesses can also be very nimble and agile in terms of responding to significant disruptions."<sup>15</sup>

MOM has supported this mindset shift in Singapore's approach to talent management and workforce development. In January 2024, MOM and SNEF invited NTUC, TACs, business leaders, and industry representatives to form the Alliance for Action (AfA) on Widening Access to Talent. This collaborative effort by the Government and industry aimed to develop industry-led solutions to increase talent competitiveness amid rising manpower constraints due to an ageing resident workforce.

Led by industry leaders, the AfA comprised over 20 business and human resources representatives. By October 2024, the AfA had formulated eight recommendations designed to help employers improve their talent attraction, development and retention strategies, ultimately boosting productivity and supporting business growth.<sup>16</sup>

Central to this initiative is the promotion of skills-first hiring practices, a global trend that is reshaping recruitment practices. This approach encourages hiring managers to move beyond traditional mindsets and prioritise candidates' actual skills and capabilities over conventional markers like paper qualifications or past job titles. As workers continually upskill and reskill over the course of their increasingly productive lifespans, this shift becomes increasingly crucial.

There are resources to support employers to adopt skills-first hiring and workforce development practices. Jobs-skills resources such as SSG's Skills Framework help employers identify critical and emerging skills in industry-specific growth jobs, as well as invest in training and development programmes to enhance their employees' skills and support their career progression.<sup>17</sup> Likewise, digital tools such as the Careers & Skills Passport – which interfaces with individual workers – give employers access to trusted and verified information from government sources relating to a candidate's jobs, training and skills records. The Government seeks to partner players in the labour market ecosystem – including online employment marketplaces that facilitate job matching – to draw on such verified data to help employers recruit based on skills more efficiently and confidently.<sup>18</sup>

Despite these supportive resources, implementing workforce development practices poses challenges, particularly to SMEs. Some are concerned that investing in employees' skills and career development might leave them vulnerable to poaching from competitors. To address these concerns, MOM and tripartite partners have introduced sector-specific career guidance workshops, equipping middle managers and HR staff with knowledge and tools to support their employees in charting career development pathways.<sup>19</sup>

Dr Tan See Leng underscored the importance of offering career development opportunities: "Even if you do not offer your employees opportunities, other companies will offer them, and your employees may eventually end up seeking opportunities with these other companies. So, it is good that all of us, collectively, go onto this bandwagon and move it together. It will be in your interest to support every employee in building up their career health."<sup>20</sup> And as SNEF President Mr Tan Hee Teck candidly pointed out in an interview for this book: "If someone can hire from you, you can also hire from someone. It works both ways."<sup>21</sup> He added that this is not easy due to Singapore's small labour pool. The labour pool needs to grow, he noted, citing his own experience of offering



flexible work to attract seniors back to the workforce.

To help employers manage the cost and risk of reskilling workers for new roles who may not adjust well to the demands of the new jobs, MOM announced enhanced support for Career Conversion Programmes (CCPs) in 2024.<sup>22</sup> These programmes, which cover about 30 sectors, assist both mid-career jobseekers and existing employees in reskilling for growth roles. The enhancements include increasing the CCP salary support cap for workers from S\$6,000 to S\$7,500 per month. Additionally, the CCPs were expanded to support employers who proactively reskill their existing workforce for new growth roles identified in the ITMs and Jobs Transformation Maps.

The CCPs are complemented by other support initiatives such as the SkillsFuture Career Transition Programme, which supports mid-career workers looking to pivot to new roles; the SkillsFuture Level-Up Programme, which helps mid-career workers refresh skills and stay relevant; and NTUC's Company Training Committees, which work closely with employers to implement training plans and keep up with industry transformation.<sup>23</sup>

Another crucial group are HR professionals who work with employers to drive these efforts. MOM, together with SNEF and NTUC, set up the Institute for Human Resource Professionals (IHRP) in 2017 to enhance the skills and standards of HR professionals, particularly by implementing a national HR certification known as IHRP certification. Building on these foundations, the AfA in 2024 recommended a stronger industry push for IHRP certification to help HR professionals level up, with strategic capabilities to develop their workforce based on critical and emerging skills. In doing so, they would draw on IHRP's HR networks and resources, as well as insights on latest industry practices and manpower requirements.<sup>24</sup>

These initiatives reinforce the shift towards skills-first hiring and workforce development practices. There are indications of progress. According to MOM's *Job Vacancies 2023* report, the proportion of available jobs for which academic qualifications are not the main deciding factor in hiring has slightly increased – from 73.6 per cent in 2022 to 74.9 per cent in 2023. Employers, the report suggests, seem increasingly willing to consider job applicants' skill sets and relevant experience alongside traditional qualifications.<sup>25</sup> Alongside such encouraging shifts, a sizeable 76.5 per cent of private sector employers provided structured training to their employees in 2022, recovering from the low of 57.1 per cent in 2021 during the COVID-19 pandemic.<sup>26</sup>

Staying healthy is all about making good choices – from seeing the doctor regularly to monitor your health, to exercising regularly and eating right. Likewise, staying healthy in one's career is about making small changes that matter over the long run so that when the next setback arrives, there is enough in the tank to bounce back and, hopefully, do even better.

## Chapter 15

# Fair and Progressive Workplaces

The need to entrench fair and progressive workplace practices is an urgent one for MOM. Not only had the COVID-19 pandemic taken an economic toll on Professionals, Managers, Executives and Technicians (PMETs), a group that was making up an increasingly large proportion of the workforce, the rise of the platform economy was also popularising new modes of work that lacked protections under the law.

In August 2021, then-Prime Minister Mr Lee Hsien Loong announced during his National Day Rally speech: “We will enshrine the TAFEP guidelines in law.”<sup>1</sup> This referred to the guidelines set out by the Tripartite Alliance for Fair Employment Practices (TAFEP), Singapore’s anti-discrimination watchdog. He added that such a move would give the guidelines “more teeth” and expand the range of actions that the Government can take against workplace discrimination.<sup>2</sup> In that same speech, Mr Lee Hsien Loong also noted that he was “especially concerned” about delivery workers, who have “no employment contracts with the online platforms (and therefore) lack the basic job protection that most employees enjoy, like workplace injury compensation, union representation,

and employer CPF (contributions).” He added that this group would “find it harder to afford housing, healthcare, and eventually, retirement”.

For MOM, shaping fair and progressive workplaces to “ensure they keep up with socio-economic development and technological advances” was a key focus in the medium-term, Minister for Manpower Dr Tan See Leng said during MOM’s annual Workplan Seminar in 2024.<sup>3</sup> Two critical pieces of legislation would come into play: First, the Workplace Fairness Legislation (WFL), Singapore’s first workplace anti-discrimination law, and second, the Platform Workers Act, which came into effect on January 1, 2025.

These efforts heralded a new era of progressive workplaces – but it was an era that was decades in the making.

### From Manpower 21 to TAFEP

Workplace fairness had been on MOM’s radar as early as 1999, when it released its landmark report titled *Manpower 21: Vision of Talent Capital*. This national action plan highlighted the need for progressive workplace practices that kept pace with the demands of the new economy.<sup>4</sup> As technology advanced and manpower needs evolved, companies were encouraged to implement progressive workplace practices, such as strong HR infrastructure and flexible work arrangements. This included part-time work and work-from-home, long before the latter was popularised by the pandemic.

The ground reality was more challenging. For instance, the number of job-discrimination related complaints reported to MOM between 1996 and 1999 more than tripled to 32, with age and racial discrimination topping the list.<sup>5</sup> More had to be done to change mindsets and cultivate fair employment attitudes, which was why the Tripartite Guidelines on Non-Discriminatory

Job Advertisements were rolled out in 1999.<sup>6</sup> These guidelines encouraged employers to use objective criteria when recruiting jobseekers, such as specifying the physical demands of the job rather than a preferred age. While they were legally non-binding, they provided employers with a useful reference as to what constituted “objective criteria” in recruiting job seekers.

In 2006, the tripartite partners set up TAFEP, which would play a critical role in educating employers and employees alike about the standards of fair, responsible, and progressive employment practices that were expected in Singapore. Speaking in 2007 at the launch of the Tripartite Centre for Fair Employment, then-Minister for Manpower Dr Ng Eng Hen said: “The challenge is to shape mindsets and behaviour so that fair employment becomes an integral part of corporate culture and practices, even an inherent trait... We can capitalise on our close tripartite partnership to help us tackle this complex issue. This was the genesis for TAFEP.”<sup>7</sup>

A year after its formation, TAFEP released the Tripartite Guidelines on Fair Employment Practices (TGFEP). This set of guidelines identified fair and progressive HR practices in areas of employment and pre-employment, including job applications, interviews, grievance handling, and more.<sup>8</sup> Still, as then-Minister of State for Manpower Mr Gan Kim Yong acknowledged in Parliament in 2007, “While guidelines serve as important reference points, real and sustained changes in employment practices will come about only when there is commitment by employers.”<sup>9</sup>

### **New Anxieties**

By 2010, TAFEP had made good progress. The proportion of discriminatory job advertisements in the print media had fallen sharply from 19.7 per cent in 2006 to just 1 per cent in 2009, while the number of complaints lodged by workers on

matters of workplace discrimination held steady at an average of 70 complaints a year.<sup>10</sup> Some 1,200 companies had also signed TAFEP’s fair employment pledge by 2010,<sup>11</sup> up from just over 300 in 2007.<sup>12</sup>

But several concerns lingered. Although the TAFEP framework adopted a “moral suasion” approach that aimed to promote and support employers in adopting progressive employment practices, it lacked legislative muscle.<sup>13</sup>

A new anxiety was also emerging. More Singaporeans were becoming worried that they were losing out to foreigners, amid the inflow of foreign PMETs into the country. While foreigners played a critical role in fuelling business growth, which translated into better jobs and higher wages for Singaporeans, frictions were also emerging as competition for PMET roles heated up. In 2012, TAFEP reported that when it came to employment matters, Singaporeans were most worried about being discriminated against in favour of foreign labour – the first time such a concern had topped the list.<sup>14</sup>

These anxieties were acknowledged by then-Acting Minister for Manpower Mr Tan Chuan-Jin in 2013, who suggested that discrimination against local jobseekers was not just a matter of perception but that it “does happen”.<sup>15</sup> He added that the Government was not ruling out legislation, but remained committed to “moral suasion” and the use of guidelines.

“Anti-discrimination legislation is one possible way to address these issues and we do not reject the idea entirely,” he said, adding: “Let us give (moral suasion) a fair stab and see how we can evolve over time.”

In 2014, MOM sent a clear signal that discrimination against local jobseekers would not be tolerated by launching the Fair Consideration Framework (FCF). The FCF set out job advertisement requirements to ensure that employers

considered locals fairly before they could hire a foreign PMET,<sup>16</sup> and was enhanced in 2016 with the introduction of the FCF Watchlist.<sup>17</sup> The Watchlist identified firms that demonstrated signs of discriminatory hiring practices, such as having a disproportionately high percentage of foreign PMETs compared to similar companies in the same industry. Such firms would have their Employment Pass applications closely scrutinised, and those who were recalcitrant or uncooperative would have their work pass privileges curtailed.

At the same time, MOM shored up legislative protections for specific segments of the workforce. In 2012, the Retirement and Re-employment Act was passed, establishing the retirement and re-employment age at 62 and 65 respectively along with related mechanisms to guard against unfair dismissal (see Spotlight 2). This deterred employers from terminating the employment of senior workers on the basis of age, and ensured that they would have a fair opportunity to remain employable.

In 2013, paternity leave was legislated via the Child Development Co-savings Act, granting fathers one week of Government-paid paternity leave.<sup>18</sup> This was an important step towards changing workplace attitudes towards fathers who took time off from work to care for their families, and would also help women balance work and life responsibilities by easing some of the caregiving pressure on them. The legal provision for paternity leave was further enhanced in 2017 and 2025.

### **Move to Legislate**

Given that the Government had, for years, relied on a “softer” approach to combating workplace discrimination, what triggered the shift to legislation? The issue went back to the concerns of a growing proportion of PMETs in the workforce. When the pandemic struck in 2020 and Singapore slipped into its

worst year-long recession since independence,<sup>19</sup> PMETs – especially mature PMETs between 40 and 60 years old – were identified as a particularly vulnerable group. According to MOM’s Labour Force Report, one in five PMETs reported being retrenched by June 2020.<sup>20</sup> But resident retrenchments for PMETs between 40 and 59 years old, in particular, stood at 57.2 per cent in 2020, compared to 36 per cent for those below 39 years old.<sup>21</sup>

At the same time, the pandemic necessitated the mass adoption of digital technologies as part of everyday working life. As businesses became more technology-oriented, senior workers faced greater difficulty in securing employment. This issue was exacerbated by age biases, with senior workers generally seen as less tech-savvy compared to younger “digitally native” talent.<sup>22</sup>

The fears and anxieties of local PMETs were acute enough for NTUC to take note. As NTUC Secretary-General Mr Ng Chee Meng noted in an interview for this book, they wanted “a fair shot at a good job...I thought it was significant enough as a national level issue to put across”.<sup>23</sup>

In October 2020, NTUC and SNEF joined hands to survey the lay of the land for PMETs. The NTUC-SNEF PME Taskforce, as it was called, concentrated its efforts on PMEs in Singapore who existed within a traditional employer-employee relationship. In formulating its report, the Taskforce consulted over 10,000 members of the public, as well as union leaders and industry leaders over the next year.<sup>24</sup> Its report found that the top concerns for local PMETs were a lack of job security, a need for greater support in employment and training opportunities, as well as a desire to be more evenly matched against foreign talent in the job market. Of the nine recommendations proposed, three were dedicated to enhancing workplace fairness, including measures to strengthen enforcement action against errant companies.

From MOM's perspective, legislating workplace fairness at that point – not just for PMETs, but for the broader workforce – seemed like “a logical and important step”, in the words of former MOM Permanent Secretary (Development) Mr Chia Der Jiun.<sup>25</sup> Speaking in an interview for this book, he explained that society was ready for legislation since businesses now had experience implementing the TGFEP – and employees also knew they could turn to TAFEP for assistance.

“Was the system fundamentally broken and ineffective? Not really, it wasn't broken. It wasn't in great need of repair, but could it be improved and strengthened? Yes,” he said. “With legislation, employers are clearer about their responsibilities, and employees are also clearer about their rights...We don't just rely on the cooperation of the majority. Now there are concrete enforcement levers that the Government can use against the minority who may require that enforcement.” He added: “Altogether, it shows that our society – employers, the unions, workers, and Government – is ready to take a clearer stand that there is no place for discrimination in our workplace.”

In July 2021, the Tripartite Committee on Workplace Fairness was convened. The Committee's final report was released in 2023, and spelled out 22 recommendations that covered all stages of employment, from pre-employment to in-employment to dismissal.<sup>26</sup> To avoid a scenario where workplaces became overly litigious, the report stated clearly that the recommendations “formalise mediation as the preferred approach to resolving disputes relating to workplace discrimination”.

Over the course of the Committee's deliberations, it considered the state of workplace fairness legislation internationally. The United Kingdom's Equality Act, for instance, was taken as a positive example of adopting an incremental approach.<sup>27</sup> Passed in 2010, the Equality Act combined more than 116 pieces of

legislation that had been implemented to better protect workers of different races, women, persons with disabilities, and more.<sup>28</sup> In its final report, the Committee observed that “Employment practices (in the UK were) positively shaped by the legislation. Workers are attracted to join organisations that operate fairly and where all workers are treated with respect.” Yet, it also noted that “It is clear that there is no one-size-fits-all approach across different countries...While we can learn from the experience of others, we must be mindful of the applicability of their framework to our local context.”

In its overseas ventures, the Committee “learned what to do, but also learnt what not to do,” said Dr Tan See Leng in an interview for this book.<sup>29</sup> “What we wanted to avoid was very long, acrimonious, litigious public spats fought out in the courts.”<sup>30</sup> He added that that was why the tripartite partners proceeded slowly, with “clear, sure-footed steps” that reassured the vast majority of fair employers, while sending a strong signal to the egregious minority that unfair practices would not be tolerated.

Over the course of the extensive consultation process, the Committee achieved broad consensus on the WFL. Yet, there were sticking points when it came down to the details. One issue was that NTUC wanted to “name and shame” errant companies, in Mr Ng Chee Meng's words. “NTUC explained that our approach to (naming and shaming) is not going to be a fire hose. What we wanted to do was to have that deterrent,” said Mr Ng Chee Meng.<sup>31</sup> “The logic is that if we do this, many companies out there will think twice, thrice...If we truly believe that the vast majority of our employers are good employers, then naming and shaming will be sparingly used.” After intense discussions on the matter, SNEF and MOM accepted NTUC's argument. It was agreed that naming employers involved in particularly severe cases of workplace discrimination could be done on a case-by-case basis.

The WFL saw Singapore join several jurisdictions with anti-discrimination laws such as the UK, the United States, Japan, and the European Union. It would tackle discriminatory practices across all employment stages, such as hiring, training, appraisals and dismissals, setting out corrective action for employers who base employment decisions on five groups of characteristics that are protected by law. These are: age; nationality; sex, marital status, pregnancy and caregiving responsibilities; race, religion and language ability; and disability and mental health conditions. Speaking during the Second Reading of the Bill, Dr Tan See Leng said the WFL was designed “to improve protections against workplace discrimination, while preserving our fair and harmonious workplace norms”.<sup>32</sup>

He added: “Internationally, this approach of having a law to cover certain protected characteristics and a more flexible tool (the TGFEP) to cover all other characteristics is quite unique. It enables any employee who faces discrimination to seek support, and is only made possible because of good tripartite relations and strong institutions like TAFEP.”<sup>33</sup>

But while the protections have been enshrined in law, the fundamental basis of workplace relations has to be one built on trust – a culture that has been bred from the early days of tripartism. Said Dr Tan See Leng: “To conclude, while this Bill is not a silver bullet for upholding workplace fairness, it will enhance our current model of promoting fair and harmonious workplaces in a way that is tailored to our local context. It will encourage an atmosphere of trust and openness where issues on workplace discrimination can be raised safely and resolved amicably. In doing so, we aim to preserve, reinforce, and improve our existing workplace norms on fair and harmonious workplaces.”<sup>34</sup>

### **Protecting Platform Workers**

Platform workers were another area of growing concern for MOM. While the platform industry provided more opportunities for people to earn a living, it

also gave rise to a new group of workers that needed protections. Platform workers, a category which includes freelance delivery workers and ride-hailing drivers, were not considered “employees” under existing laws due to the nature of their work.

Consequently, they did not enjoy the same protections, even though they represented a growing proportion of the workforce in Singapore. Based on MOM data, platform workers made up some 3 per cent of the workforce in 2023, numbering about 70,500. In 2016, this figure stood at 56,000.<sup>35</sup> These workers included taxi drivers, private-hire drivers, and delivery workers. Many entered the platform industry during the COVID-19 pandemic, with one survey revealing that some 60 per cent of food delivery riders entered the industry during the pandemic.<sup>36</sup>

To strengthen protections for platform workers, the Advisory Committee on Platform Workers (PWAC) was set up in September 2021. Its recommendations, released in November 2022, spanned three areas: the creation of a framework to define and protect platform workers’ rights; the provision of adequate financial protection in the event of a work-related injury; and improving the housing and retirement adequacy of platform workers.

Following the release of its recommendations in November 2022, the Government fully accepted the PWAC’s recommendations, with the Bill passed in Parliament in September 2024. Speaking in Parliament, Senior Minister of State for Manpower Dr Koh Poh Koon highlighted that one of the Bill’s key recommendations was the creation of a new “middle category” of workers, who existed between the definition of employees and self-employed.<sup>37</sup> The designation of platform workers as a unique category would, he added, “preserve the flexibility of platform work that both sides want”, such as the freedom of workers to decide their hours and workload on the side of workers, and not legislating sick pay and vacation leave on the side of platform operators.

The law also included measures to enhance the housing and retirement adequacy of platform workers by progressively increasing their CPF contribution rates to match those of employees and employers. The increased rates would be mandatory for younger platform workers born from 1995 onwards. Beyond these provisions, platform operators would also have to provide mandatory work injury compensation insurance with a level of coverage similar to employees. Meanwhile, the law introduced a new legal representation framework for platform workers, who would now have more bargaining power through being formally represented by platform work associations.

Dr Koh Poh Koon said the Platform Workers Bill was “a good example of how tripartite partners in Singapore have worked closely together to enhance labour standards in a sustainable manner”.<sup>38</sup> These efforts positioned Singapore as a leader in formally recognising and protecting platform workers as a distinct category. Crucially, Singapore achieved this outcome through collaboration and without conflict.

### **A Marathon, Not a Sprint**

Another area where MOM is continuing to change mindsets and attitudes on the ground is flexible work arrangements (FWAs). As then-Minister for Manpower Mrs Josephine Teo noted in Parliament in 2020: “The ‘new normal’ brought about by COVID-19 provides a great opportunity to review workplace practices and entrench more flexible work arrangements. This will serve public health objectives, and improve business continuity and work-life harmony.”<sup>39</sup>

In 2024, the tripartite partners released the Tripartite Guidelines on Flexible Work Arrangement Requests.<sup>40</sup> The new guidelines, which kicked in by the end of that year, set out how employees should request for FWAs, as well as how employers should handle such requests. The guidelines built on groundwork

that had been laid years before, namely the Tripartite Advisory on Flexible Work Arrangements, issued in 2014, and the Tripartite Standard on Flexible Work Arrangements, introduced in 2017. Speaking in Parliament in May 2024, Minister of State for Manpower Ms Gan Siow Huang made clear that FWAs should help, not hinder, businesses. “We should not mandate FWAs or set hard targets...It does not make sense to require businesses to offer FWAs even when it negatively impacts business and affects employment prospects for Singaporeans,” she said.<sup>41</sup> She added that the purpose of the guidelines was to ensure that requests for FWAs were properly considered by employers, with the aim of establishing the right norms and attitudes in the workplace.

As attitudes evolve, so do national priorities. Mental health, in particular, is another focus for MOM. “Many adults spend substantial time at work and, sometimes, work can be stressful and affect one’s mental well-being,” said Ms Gan Siow Huang during a Parliamentary debate on mental health in February 2024. “It is thus important that we look at how workplaces can support the mental well-being of employees and what each of us can do to create kinder, more inclusive workplaces.”<sup>42</sup>

While protections for workers with mental health conditions have already been woven into WFL, which lists “mental health conditions” as a protected characteristic, MOM is doing more to promote mental well-being support at the workplace. The Workplace Safety and Health (WSH) Council, for instance, launched the Well-being Champions Network in November 2023, which sees employees being empowered to take charge and advocate for mental wellness in the workplace.<sup>43</sup> The network, which has about 275 members from 145 companies employing some 175,000 employees, is an example of a non-legislative move that aims to bolster workplace inclusivity from the ground up.

In 2021, when remote work was the norm and employees' mental health was less visible to employers, MOM also launched iWorkHealth – a free online assessment tool that companies could use to measure workplace stress and identify stressors.<sup>44</sup> Not only would employees receive individual reports to help them understand and manage their work stress, company leaders would receive aggregated and anonymised data to encourage them to take action to support employees' mental well-being. iWorkHealth, which was developed by MOM's WSH Institute in collaboration with Changi General Hospital, the Health Promotion Board, the Institute of Mental Health, and the WSH Council, also features a "Lite Version" that allows companies to have a quick measure of the state of mental well-being in their workplace.

Taken holistically, these measures are emblematic of the consensus-building approach favoured by the tripartite partners. Rather than jumping straight to legislation, efforts to transform workplaces begin with changing attitudes through consistent engagement. In turn, this is informed by broader societal and workplace trends, such as the increasing prevalence of poor mental health among Singaporeans and the growing need for FWAs as more Singaporeans,<sup>45</sup> especially women, juggle caregiving and work in an ageing society.<sup>46</sup> MOM's role, then, is to anticipate workplace issues, and lay the groundwork for change early as it did before.

It is reflective of an understanding that real and lasting change takes time to gain the buy-in of organisations and workers, with legislation serving as a step towards promoting full compliance. In other words, fair and progressive workplaces are a marathon, not a sprint – and it takes perseverance and cooperation to cross the finish line.

## Chapter 16

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# Charting the Path Ahead

Over the past 70 years, MOM successfully found a balance between economic and social outcomes in its policies and programmes. MOM played the role of a custodian of the Singapore labour market. It helped businesses grow and transform, creating good jobs and healthy demand for workers. It also helped to develop and augment the workforce, ensuring a skilled and diverse supply of workers to enable businesses to thrive. With a view of supply and demand, MOM kept the labour market tight, without allowing it to overheat to the detriment of businesses, workers, and Singaporeans.

The title of this book speaks of drawing lessons from 70 years of workforce and workplace development to inform MOM's future path. This learning is crucial as Singapore navigates a complex operating environment in 2025 and beyond.

## A Changing Landscape

Today's pressing workforce challenges are driven by both external and internal forces.



Externally, heightened geopolitical tensions, increased trade protectionism and divergent economic policies have resulted in a more volatile global economy. Global competition for talent continues to be hard-fought, with economies introducing new measures to attract the best talent. The rise of AI will create new opportunities and raise productivity, but is also likely to cause widespread disruption to jobs and skills.<sup>1</sup> Emerging models of flexible and contingent work challenge traditional notions of job and income security.

Internally, Singapore's rapidly ageing population presents serious challenges to the continued growth of the economy and retirement adequacy. Our total fertility rate currently stands at 0.97 and continues to decline.<sup>2</sup> At this trajectory, by 2030, Singapore's elderly support ratio would have further declined to under three residents per elderly person compared to 3.5 in 2024.<sup>3</sup> The impact of a high proportion of older workers on the overall dynamism and orientation of the workforce is unknown. Unlike other global cities, most residents will retire in situ in Singapore. At the same time, greater politicisation of foreign manpower and immigration policies will limit the options to mitigate the downsides of an aged workforce.

Driven by improvements in workforce educational qualifications, growth in high-skilled resident labour has consistently exceeded that of lower-skilled resident labour. This is reflected in the rise in the proportion of Professionals, Managers, Executives & Technicians (PMETs) of the resident workforce from 53.5 per cent in 2014 to 63.7 per cent in 2024.<sup>4</sup> Improving the standard of living for the broad middle by securing jobs with good salaries that enable their real incomes to grow will require building on past foundations whilst ensuring they evolve and remain relevant.

Against this backdrop, Singapore will need to find fresh solutions. Prime Minister Mr Lawrence Wong, in his first National Day Rally speech in 2024,

called for Singapore to strengthen its social compact, while keeping true to its fundamentals.<sup>5</sup> "We will be prudent. To honour and respect the past. To uphold the fundamentals that have served us well, and remain relevant to us. But we must and we will be bold. We will not let the past constrain our ability to shape our future. We will look for fresh and better solutions, and choose the best way forward for our nation," he said.

### **Lessons for the Future**

Looking back on the evolution of manpower policies over the last 70 years, we can distil several lessons that remain relevant for today's operating context.

First, the tripartite relationship remains key. Throughout the nation's most challenging episodes, the tripartite partners worked together to fulfil their duty of care to Singapore and Singaporeans. During economic downturns such as the 2008 Global Financial Crisis, MOM, NTUC, and SNEF came together, cutting costs to save jobs rather than the other way around. As a result, Singapore was able to bounce back faster and stronger than other economies (see Chapter 7). These painful trade-offs could not have been made by the Government without tripartite support.

NWC Chairman Mr Peter Seah added that tripartism will continue to be crucial for the future of Singapore, especially given the rapidly changing business and economic landscape. As such, there is an urgent need for the tripartite partners to reshape and build a workforce that can address the challenges ahead, he said. "I think our tripartism is going to be very important and even more critical to Singapore, as we move forward."<sup>6</sup>

In an interview for this book, Minister for Manpower Dr Tan See Leng said that tripartism will continue to anchor MOM's work in the future: "To amplify and advance our tripartite partnership, we will continue to work closely with NTUC

and SNEF to strengthen tripartism and identify new strategic collaborations on important issues such as the impact of AI on jobs and on workers.”<sup>7</sup>

Second, MOM will have to continue innovating to resolve increasingly complex and difficult challenges. The Progressive Wage Model (PWM), first proposed by NTUC in 2010 and subsequently developed by the tripartite partners, is one example (see Spotlight 5). Unlike a conventional wage floor, the PWM connected wage levels to skills and productivity, and started out on a smaller scale in cleaning, security, and landscaping using sector-specific levers. In another example, the tripartite partners adopted the concept of re-employment in 2012 after learning about the innovative practice in Japan, helping to overcome an impasse in discussions on extending the productive longevity of our seniors. MOM even innovated the concept of re-employment, with measures such as the Tripartite Guidelines on Re-employment, and an Employment Assistance Payment, helping to ensure the policy was smoothly implemented in Singapore’s context.

Third, MOM must anticipate economic and social trends, and plan for the long term. For example, the Manpower 21 Plan of 1999 focused on knowledge work as the key driving force of the 21st century, setting a strategy to raise the proportion of the workforce with the skills to take on new jobs in the knowledge economy. In addition to raising skills and productivity, the plan helped to develop national training systems and workplace practices around flexible and continuous learning to adapt to future shifts (see Chapter 5).

### **A New Path**

This book was an attempt to chronicle the paths that MOM took to shape the globally competitive workforce we observe today. A new and different path may be needed for the challenges of the future. But guideposts for this new approach

will come from MOM’s most recent past, and the challenges that MOM has overcome.

One key strategy is to go beyond uplifting vulnerable segments of the workforce, to expanding efforts to upgrade the broad middle. Recognising that challenges arising from Singapore’s ageing population require an even sharper emphasis on labour productivity growth, MOM is laying the foundations of the Career Health SG programme to empower the broad base of Singaporean workers with the skills and mindset to adapt to emerging workforce trends (see Chapter 14). The introduction of the SkillsFuture Jobseeker Support scheme, in itself a paradigm shift as Singapore’s version of an unemployment benefit, is also part of this larger strategic shift towards upgrading the broad middle.

Larger shifts are also taking place in the area of progressive and productive workplaces. MOM and the tripartite partners responded to the emergence of platform work, which created new forms of vulnerability, with the Platform Workers Bill – making Singapore one of the first countries to designate and protect platform workers as a distinct category. Changing societal mindsets around workplace discrimination have also been reflected in the Workplace Fairness Act, which represents a more robust stance compared to the softer approaches towards workplace discrimination in earlier decades (see Chapter 15).

Another important shift is MOM’s relationship with businesses. MOM plays multiple roles. It is a regulator and enforcer of manpower and workplace safety rules. It is also an enabler of economic growth. Mr Jeffrey Siow, Second Permanent Secretary at both MOM and the Ministry of Trade and Industry, noted in an interview that to succeed in its mission, MOM must be seen by businesses as an enabling and constructive partner. “The logic is that MOM should help businesses to thrive, because thriving businesses will be able to take better care of their employees.”

The next bound is being charted across MOM's agenda, including shaping the foreign workforce profile needed to achieve productivity-driven economic growth, transforming our foreign manpower management approach towards a resilient migrant workforce, making our workplaces more inclusive, extending the productive longevity for increasingly educated future cohorts of seniors, and strengthening retirement adequacy for different segments.

Shaping the longer-term direction in these policy areas will have a significant impact on Singaporeans. For instance, the recent Majulah Package had a focus on supporting young seniors, currently in their 50s and early 60s, who have had less time to benefit from improvements to the CPF system than younger generations. Speaking at the MOM Workplan Seminar in 2024, MOM Permanent Secretary Mr Ng Chee Khern said: "Efforts to shape the longer-term agenda have led to a refreshed social compact: For those who are able to work, we will enable them to build their CPF savings, to assure them of meeting their basic retirement needs as long as they contribute consistently to CPF. For those who need greater support, we will continue to uplift them, and work with families, employers and the community to provide more support."<sup>8</sup>

### **A Refreshed Mission and Vision**

With the changing operating context and the new and different paths that MOM may need to take, coalescing around a clear direction and purpose will be crucial. On its 70th anniversary, MOM refreshed its Mission and Vision which had guided its work since 2013.

Outlining MOM's core tenets, Mr Ng Chee Khern said in an interview for this book: "MOM has a unique role, being described as the most social of the economic ministries, and the most economic of the social ministries. This means that MOM is responsible for translating economic growth into good socio-economic

outcomes and jobs for Singaporeans. This makes MOM's work complex as we must be well informed about the dynamics of the labour market and human capital, and navigate the trade-offs between social and economic dimensions."<sup>9</sup>

The 2025 Mission refresh further clarifies what MOM intends to do with and for Singaporeans, workers and businesses, and the long-term impact that MOM aims to achieve for the workforce and workplaces. For Singaporeans, MOM seeks to empower them to access good job opportunities and have a secure retirement. For workers, it is to provide them with safe, fair and progressive workplaces. For businesses, MOM aims to enable them to thrive and create good jobs and workplaces.

MOM's refreshed Vision is for Singapore to have an empowered workforce and thriving workplaces. This means having a workforce equipped with the skills, knowledge and resources to make informed decisions, seize opportunities and take charge of their careers; and workplaces that provide opportunities for all to participate in the labour force, and where workers can contribute their best and their productive capacity can be effectively harnessed.

Collectively, the refreshed Mission and Vision articulate what MOM plans to do in navigating the complex operating environment in 2025 and beyond.

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*As we commemorate MOM's 70th Anniversary, we recognise the invaluable contributions of all past and present MOM and tripartite leaders, who have played an instrumental role in our journey and achievements over the past decades.*

## Past and Present Ministers

**Mr Lim Yew Hock**

**Minister for Labour and Welfare (1955 – 1959)**

Mr Lim played a key role in leading the Ministry of Labour and Welfare as it navigated Singapore's turbulent early years of self-governance which were plagued by industrial unrest. He laid the groundwork for labour reforms when he formed the Singapore Trades Union Congress (STUC) in 1951, and served as its president until 1955. As Minister for Labour and Welfare, he contributed to mediation efforts for many disputes, including the Hock Lee bus strikes.

**Mr Kenneth Michael Byrne**

**Minister for Labour and Law (1959 – 1961)**

During Mr Byrne's tenure, he focused on stabilising industrial relations, introducing the Trade Unions (Amendment) Bill which enhanced the Government's powers to cancel registration of irresponsible trade unions. The Industrial Relations Ordinance was also passed to establish an Industrial Arbitration Court, which could make binding decisions on the terms and conditions of employment, including wages, and disputes involving unionised companies.

**Mr Ahmad Ibrahim**

**Minister for Labour (1961 – 1962)**

Mr Ahmad took office as Minister for Labour in 1961, when the Ministry's name was changed from "Ministry of Labour and Law" to "Ministry of Labour", reflecting its focus on labour issues. His leadership was instrumental in strengthening the role of labour unions and improving working conditions, which laid the foundation for future labour reforms.

**Mr Ong Pang Boon**

**Acting Minister for Labour (1962 – 1963)  
Minister for Labour (1971 – 1981)**

As Acting Minister for Labour in 1962, Mr Ong worked with the National Trades Union Congress (NTUC) to establish a centralised labour research unit. It was subsequently incorporated into NTUC, which continues a strong focus on research to future-proof workers today. During his tenure, he oversaw Singapore's policy of wage restraint to maintain its labour-intensive exports industries' international competitiveness. Mr Ong also helped efforts to raise productivity, including the establishment of the National Productivity Board in 1972; and spearheaded the introduction of the Factories Act in 1973, which laid down safety regulations.

## Past and Present Ministers

**Mr Jek Yeun Thong**

**Minister for Labour  
(1963 – 1968)**

During the turbulent 1960s, Mr Jek played a key role in establishing trust with the Chinese-speaking unions. He pushed for the landmark 1968 Employment Act, which standardised employment conditions and paved the way for rapid industrialisation. He also introduced the Industrial Relations Act and the Trade Unions Act to regulate the collective bargaining, conciliation, and arbitration of individual disputes and proper management of union affairs, safe custody of funds, and the free election of union officers.

**Mr S. Rajaratnam**

**Minister for Labour  
(1968 – 1971)**

As Singapore found its feet as an independent nation, Mr Rajaratnam laid the foundations of tripartism and industrial peace which were instrumental to the country's early growth. His vision for tripartism helped transform fractious labour relations between unions, employers, and the Government into the unique cooperative model of tripartism we have today.

**Mr Ong Teng Cheong**

**Minister for Labour  
(1981 – 1983)**

During Mr Ong's tenure, the Ministry oversaw the corrective high-wage policy introduced by the National Wages Council from 1979, helping to drive the economy to move up the value chain. He continued contributing to labour issues after his tenure in the Ministry as Secretary-General of NTUC, where he championed lower-income workers' rights and garnered workers' support for Central Provident Fund (CPF) cuts during the 1985 recession.

**Mr Edmund William Barker**

**Minister for Labour  
(1983 – 1983)**

Mr Barker was interim Minister for Labour from May to September 1983, while also serving as Minister for Law. He was part of Singapore's first post-independence cabinet and was instrumental in stabilising the country in its early years.

## Past and Present Ministers

**Professor S. Jayakumar**

**Acting Minister for Labour  
(1983 – 1984)**  
**Minister for Labour  
(1984 – 1985)**

During his tenure, Professor Jayakumar announced major changes to the CPF system, such as the Minimum Sum Scheme where one had to set aside funds for retirement before withdrawing savings. This would ensure Singaporeans had a safety net of savings to fall back on. He also proposed raising the CPF withdrawal age to better cater to Singaporeans who were starting to retire later. Furthermore, he advocated efforts to increase workers' productivity.

**Mr Lee Yock Suan**

**Acting Minister for Labour  
(1985 – 1986)**  
**Minister for Labour  
(1987 – 1992)**

Mr Lee guided Singapore's workforce through the 1985-1986 recession by working with tripartite partners to garner support for necessary CPF and wage cuts to save jobs. After the recession, he also oversaw the country's wage reform exercise, to make Singapore's businesses more responsive to economic downturns. It aimed to move companies away from seniority-based pay to a more flexible wage system closely linked to the performance of individual workers and economic conditions. Mr Lee's contributions helped steer Singapore back to stability after the recession.

**Dr Lee Boon Yang**

**Minister for Labour  
(1992 – 1998)**  
**Minister for Manpower  
(1998 – 2003)**

Under Dr Lee's watch, retirement age legislation was introduced for the first time in 1993, establishing a minimum retirement age of 60, which was raised to 62 in 1999. In the late 1990s, he oversaw the Ministry of Labour's transition to the Ministry of Manpower and the rollout of the Manpower 21 blueprint to develop Singapore as a global talent hub. This expanded the Ministry's role in workforce development, introducing concepts such as lifelong learning, and crystallising MOM's role in transforming the country's workforce to meet future manpower needs.

**Dr Ng Eng Hen**

**Acting Minister for  
Manpower (2003 – 2004)**  
**Minister for Manpower  
(2004 – 2008)**

Following the SARS outbreak, Dr Ng started a renewed push for a more flexible wage system, and enhanced upskilling and job-matching efforts under the new Workforce Development Agency. The Factories Act was replaced by the Workplace Safety and Health (WSH) Act, raising WSH standards by reducing risks at source and encouraging greater industry ownership. Dr Ng also introduced the Workfare Income Supplement scheme to supplement the income and retirement savings of lower-wage workers and spearheaded the development of CPF LIFE, ensuring lifelong retirement payouts, along with CPF Minimum Sum reforms, to enhance retirement adequacy for Singaporeans.

## Past and Present Ministers

## Mr Gan Kim Yong



**Acting Minister for Manpower (2008 – 2009)  
Minister for Manpower (2009 – 2011)  
Deputy Prime Minister (2024 – Present)**

During the Global Financial Crisis, Mr Gan led the Ministry to help companies retain employees through the Skills Programme for Upgrading and Resilience (SPUR) and the Jobs Credit Scheme. Post-crisis, he expanded Singapore's Continuing Education and Training system, enabling senior lower-wage workers and others to upskill and stay employable. In 2011, the Retirement Age Act was amended to introduce re-employment, enhancing workers' employability beyond the minimum retirement age. He also improved migrant worker housing conditions, through stricter enforcement of housing regulations and setting up of Purpose-Built Dormitories with facilities to cater to workers' social and recreational needs.

## Mr Tharman Shanmugaratnam



**Minister for Manpower (2011 – 2012); Deputy Prime Minister (2011 – 2019); Coordinating Minister for Economic and Social Policies (2015 – 2019); Senior Minister and Coordinating Minister for Social Policies (2019 – 2023)**

Mr Shanmugaratnam played vital roles in developing Workfare and the Progressive Wage Model to uplift lower-wage workers, Silver Support for lower income retirees, and CPF LIFE to cater to increasing lifespans. He introduced the Jobs Credit Scheme during the Global Financial Crisis, and led the National Jobs Council in the wake of the COVID-19 crisis. He also led the SkillsFuture movement to champion lifelong learning as a reality for all, and chaired tripartite councils which laid the foundations for Singapore's drive to raise productivity through innovation and upskilling.

## Mr Tan Chuan-Jin



**Acting Minister for Manpower (2012 – 2014)  
Minister for Manpower (2014 – 2015)**

Mr Tan led the Ministry's efforts to introduce the Silver Support Scheme, raise senior workers' CPF contribution rates, and review the re-employment age, to strengthen retirement adequacy. Under his leadership, the Workright programme was launched to raise awareness and compliance with employment standards. He also implemented the Progressive Wage Model to raise wages of lower-wage workers by upgrading skills and improving productivity. To promote fair employment practices, he introduced the Fair Consideration Framework. Additionally, he amended the Employment Act and Industrial Relations Act to better protect professionals, managers, and executives, and established the Employment Claims Tribunal for resolving salary-related disputes.

## Mr Lim Swee Say



**Minister for Manpower (2015 – 2018)**

Leveraging his deep understanding of labour issues, the former NTUC Secretary-General took steps to improve workers' welfare and prioritise the Singaporean core. Mr Lim launched the Adapt and Grow initiative to train workers and help them find jobs through Professional Conversion Programmes and the Career Support Programme. He strengthened the Tripartite Alliance for Fair and Progressive Employment Practices (TAFEP) and Fair Consideration Framework to protect workers from discrimination. To improve senior workers' employability and retirement adequacy, Mr Lim raised the re-employment age and increased CPF contribution rates for some senior workers.



## Past and Present Ministers

## Mrs Josephine Teo



**Minister for Manpower  
(2018 – 2021)**

Under Mrs Teo's leadership, Singapore achieved a tripartite consensus on a 10-year roadmap to raise the re-employment and minimum retirement ages. She oversaw enhancements to the Silver Support Scheme, Workfare Income Supplement Scheme and Progressive Wage Model to better support senior and lower-wage workers. Mrs Teo led the Ministry's emergency response during the COVID-19 pandemic, guiding companies on safe practices and overseeing the rollout of jobs and training schemes to help workers stay employed. She also led efforts to safeguard the health and well-being of workers, including those living in migrant worker dormitories.

## Dr Tan See Leng



**Minister for Manpower  
(2021 – Present)**

Dr Tan led the Ministry to emerge stronger post COVID-19. He championed career health initiatives, helping locals to assess and upgrade their skills, and stay employable for longer. He spearheaded efforts to make workplaces more progressive and inclusive by safeguarding against workplace discrimination, expanding the coverage of the Progressive Wage Model and strengthening protections for platform workers. To grow Singapore's talent ecosystem, he introduced schemes such as the Complementarity Assessment Framework (COMPASS) and Overseas Networks & Expertise (ONE) Pass. Dr Tan also transformed the migrant worker landscape by fortifying housing standards and improving healthcare support and social well-being.

## Senior Ministers of State, Ministers of State, Senior Parliamentary Secretaries and Parliamentary Secretaries

## Past

**Mr Wee Toon Boon**  
Parliamentary Secretary  
(1959 – 1965)

**Mr Sia Kah Hui**  
Parliamentary Secretary  
(1967 – 1970)  
Minister of State  
(1970 – 1981)

**Mr Fong Sip Chee**  
Parliamentary Secretary  
(1972 – 1976)  
Senior Parliamentary Secretary  
(1977 – 1981)

**Dr Wong Kwei Cheong**  
Minister of State  
(1981 – 1983)

**Mr Eugene Yap Giau Cheng**  
Parliamentary Secretary  
(1981 – 1984)  
Senior Parliamentary Secretary  
(1985 – 1987)

**Mr Lee Yock Suan**  
Senior Minister of State  
(1985 – 1986)

**Dr Ong Chit Chung**  
Parliamentary Secretary  
(1991 – 1993)

**Mr Lee Yiok Seng**  
Senior Parliamentary Secretary  
(1994 – 1996)

**Mr Othman Haron Eusofe**  
Minister of State  
(1997 – 2001)

**Dr Ng Eng Hen**  
Minister of State  
(2002 – 2003)

**Mr Hawazi Daipi**  
Senior Parliamentary Secretary  
(2004 – 2015)

**Mr Gan Kim Yong**  
Minister of State  
(2005 – 2008)

**Mr Lee Yi Shyan**  
Minister of State  
(2009 – 2011)

**Dr Amy Khor Lean Suan**  
Minister of State  
(2012 – 2013)  
Senior Minister of State  
(2013 – 2015)

**Mr Teo Ser Luck**  
Minister of State  
(2015 – 2017)

**Mr Sam Tan Chin Siong**  
Minister of State  
(2015 – 2018)

**Ms Low Yen Ling**  
Senior Parliamentary Secretary  
(2018 – 2020)

## Present

**Mr Zaqy Mohamad**  
Minister of State  
(2018 – 2020)

Senior Minister of State  
(2020 – Present)

**Dr Koh Poh Koon**  
Senior Minister of State  
(2021 – Present)

**Ms Gan Siow Huang**  
Minister of State  
(2020 – Present)

## Permanent Secretaries

### Past

#### Mr Pang Tee Pow

Permanent Secretary (Labour)  
(1966 – 1970)

#### Mr Lim Joo Hock

Permanent Secretary (Labour)  
(1970 – 1972)

#### Dr William Cheng

Permanent Secretary (Labour)  
(1972 – 1978)

#### Dr Han Cheng Fong

Permanent Secretary (Labour)  
(1978 – 1984)

#### Mr Moh Siew Meng

Permanent Secretary (Labour)  
(1984 – 1991)

#### Mr Chuang Kwong Yong

Permanent Secretary (Labour)  
(1991 – 1994)

#### Mr Moses Lee

Permanent Secretary (Labour)  
(1994 – 1997)

#### Dr Tan Chin Nam

Permanent Secretary (Manpower)  
(1997 – 2001)

#### Ms Yong Ying-I

Permanent Secretary (Manpower)  
(2002 – 2005)

#### Mr Leo Yip

Permanent Secretary (Manpower)  
(2005 – 2009)

#### Mr Loh Khum Yean

Permanent Secretary (Manpower)  
(2009 – 2016)

#### Mr Aubeck Kam

Permanent Secretary (Manpower)  
(2016 – 2022)

#### Mr Chia Der Jiun

Permanent Secretary (Development)  
(2020 – 2023)

### Present

#### Mr Ng Chee Khern

Permanent Secretary (Manpower)  
(2022 – Present)

#### Mr Jeffrey Siow

Second Permanent Secretary (Manpower)  
(2024 – Present)

## National Trades Union Congress Presidents and Secretaries-General

### Past

#### Mr Ho See Beng

Chairman  
(1962 – 1964)

President  
(1964 – 1966)

#### Mr Peter Vincent

President  
(1967 – 1970)  
(1981 – 1985)

#### Mr Phey Yew Kok

President  
(1970 – 1979)

#### Mr Devan Nair

President  
(1979 – 1981)

#### Mr George Chua Poh Choon

President  
(1985 – 1986)

#### Mr Oscar Oliveira

President  
(1986 – 1997)

#### Mr John De Payva

President  
(1997 – 2011)

#### Ms Diana Chia Siew Fui

President  
(2011 – 2015)

#### Ms Mary Liew Kiah Eng

President  
(2015 – 2023)

#### Ms K. Thanalechimi

President  
(2023 – Present)

#### Mr Devan Nair

Secretary-General  
(1961 – 1965)  
(1970 – 1979)

#### Mr Steve Nayagan

Secretary-General  
(1965 – 1966)

#### Mr Ho See Beng

Secretary-General  
(1966 – 1967)

#### Mr Seah Mui Kok

Secretary-General  
(1967 – 1970)

#### Mr Lim Chee Onn

Secretary-General  
(1979 – 1983)

#### Mr Ong Teng Cheong

Secretary-General  
(1983 – 1993)

#### Mr Lim Boon Heng

Secretary-General  
(1993 – 2006)

#### Mr Lim Swee Say

Secretary-General  
(2007 – 2015)

#### Mr Chan Chun Sing

Secretary-General  
(2015 – 2018)

### Present

#### Mr Ng Chee Meng

Secretary-General  
(2018 – Present)

## Singapore National Employers Federation Presidents

### Past

#### Mr Jack Chiarapurk

President  
(1980 – 1988)

#### Mr Stephen Lee

President  
(1988 – 2014)

#### Dr Robert Yap

President  
(2014 – 2024)

### Present

#### Mr Tan Hee Teck

President  
(2024 – Present)

*We would like to express our heartfelt gratitude to the numerous individuals who have contributed to the development of this book.*

## Interviewees

### Ministry of Manpower

#### Dr Tan See Leng

Minister for Manpower  
(2021 – Present)

#### Mrs Josephine Teo

Minister for Manpower  
(2018 – 2021)

#### Mr Lim Swee Say

Minister for Manpower  
(2015 – 2018)

#### Mr Gan Kim Yong

Minister for Manpower  
(2009 – 2011)

#### Dr Ng Eng Hen

Minister for Manpower  
(2004 – 2008)

#### Dr Lee Boon Yang

Minister for Labour  
(1992 – 1998)

Minister for Manpower  
(1998 – 2003)

#### Mr Lee Yock Suan

Minister for Labour  
(1985 – 1992)

#### Mr Ng Chee Khern

Permanent Secretary (Manpower)  
(2022 – Present)

#### Mr Chia Der Jiun

Permanent Secretary (Development)  
(2020 – 2023)

#### Mr Aubeck Kam

Permanent Secretary (Manpower)  
(2016 – 2022)

#### Mr Loh Khum Yean

Permanent Secretary (Manpower)  
(2009 – 2016)

#### Mr Leo Yip

Permanent Secretary (Manpower)  
(2005 – 2009)

#### Ms Yong Ying-I

Permanent Secretary (Manpower)  
(2002 – 2005)

#### Dr Tan Chin Nam

Permanent Secretary (Manpower)  
(1997 – 2001)

#### Mr Moses Lee

Permanent Secretary (Labour)  
(1994 – 1997)

#### Mr Kenny Tan

Deputy Secretary (Workforce)  
(2023 – Present)

#### Mr Ong Yen Her

Divisional Director  
Labour Relations & Workplaces Division  
(1985 – 2002)

#### Mrs Penny Han

Divisional Director  
Work Pass Division  
(2012 – 2023)

#### Er Ho Siong Hin

Senior Director  
Occupational Safety & Health Division  
(2019 – Present)

## Interviewees

### National Trades Union Congress

#### Ms Diana Chia Siew Fui

President  
(2011 – 2015)

#### Mr Ng Chee Meng

Secretary-General  
(2018 – Present)

#### Mr Lim Boon Heng

Secretary-General  
(1993 – 2006)

### Singapore National Employers Federation

#### Mr Tan Hee Teck

President  
(2024 – Present)

#### Dr Robert Yap

President  
(2014 – 2024)

#### Mr Stephen Lee

President  
(1988 – 2014)

#### Mr Sim Gim Guan

Executive Director  
(2020 – 2024)

### National Wages Council

#### Mr Peter Seah

Chairman  
(2015 – Present)

#### Prof Lim Pin

Chairman  
(2001 – 2014)

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**Chapter 1**

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## Chapter 6

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## Chapter 7

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## Chapter 8

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**Charting Our Path** is about the transformation of Singapore's workforce and workplaces over the past 70 years – steered by the Ministry of Manpower as it sought to strike a balance between its economic and social objectives.

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