

INCREASE IN SALARY THRESHOLD TO QUALIFY AS A FULL TIME EQUIVALENT LOCAL WORKER

Employers are allowed to hire foreign workers i.e. both Work Permit and S Pass holders, based on the number of full-time equivalent (FTE) local workers they employ, up to the Dependency Ratio Ceiling (DRC).

2. Currently, a local worker who earns a monthly salary of \$1,000 or above is considered one FTE, while a local worker who earns half the amount (\$500), up to less than \$1,000, is considered half-FTE. Two half-FTE workers are counted as one FTE worker for purposes of determining the number of foreign workers a company can hire before it reaches its DRC. This is to ensure that local workers are employed meaningfully, rather than being employed on token salaries to allow the employer access to foreign workers.

3. The FTE salary threshold was last updated in 2013, and will be adjusted regularly in line with income trends. If the FTE salary threshold remains static, it will be, in effect, a liberalisation of DRC controls over time, as more locals will be considered as FTE workers simply due to rising nominal wages.

Increase in full-time equivalent (FTE) salary threshold

4. With rising incomes since 2013, MOM will raise the salary threshold to be considered a FTE local worker from \$1,000 to \$1,200. This will be done in two steps.

a. **From 1 July 2017, the salary threshold to be considered a FTE worker will be increased from \$1,000 to \$1,100.** The salary range considered as half-FTE will be correspondingly adjusted to the range of \$550 to below \$1,100. Every two local workers earning from \$550 to below \$1,100 will be counted as one FTE local worker, for the purpose of determining the number of foreign workers a company can hire before it reaches its DRC.

b. **From 1 July 2018, the salary threshold to be considered a FTE will be increased from \$1,100 to \$1,200.** The salary range considered as half-FTE will be correspondingly adjusted to the range of \$600 to below \$1,200. Every two local workers earning from \$600 to below \$1,200 will be counted as one FTE local worker, for the purpose of determining the number of foreign workers a company can hire before it reaches its DRC.

5. Updating the FTE salary threshold at regular intervals will avoid us having to make even larger increments with each update.