

## FACTSHEET ON FOREIGN WORKFORCE POLICY ANNOUNCEMENTS AT COS 2022

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

- Strengthen the complementarity and diversity of our foreign workforce;
- Support industry transformation and development of a strong Singaporean core; and
- Provide greater clarity and certainty to businesses on foreign workforce policies.

2. Details of the changes are below.

### SET BENCHMARK FOR EMPLOYMENT PASS (EP) QUALITY

3. The EP is for highly skilled foreign professionals. MOM regularly updates the EP qualifying salary to keep pace with local wages. This ensures that EP holders are of good calibre, and are not hired simply because they are cheaper than locals.

4. MOM aims to ensure that the quality of EP holders is comparable to the top one-third of our local PMET<sup>1</sup> workforce. As such, MOM will be setting the benchmark for the EP qualifying salary based on the top one-third of local PMET wages<sup>2</sup>. The EP minimum qualifying salary will be increased from \$4,500 to \$5,000 to reach this benchmark. The qualifying salary will continue to increase progressively with age, up to \$10,500 for a candidate in their mid-40s. This ensures a level playing field for all age groups.

5. The Financial Services (FS) sector will continue to have a higher EP qualifying salary, given its higher wage norms. The EP minimum qualifying salary for the Financial Services sector will be raised from \$5,000 to \$5,500. The qualifying salary will increase progressively to \$11,500 for a candidate in their mid-40s.

6. The new EP qualifying salary will apply to new EP applications from 1 September 2022, and to renewal applications from 1 September 2023. Employers can use the [Self-Assessment Tool \(SAT\)](#) on the MOM website to assess if their EP candidates will meet the new qualifying salary. The SAT will be updated by August 2022.

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<sup>1</sup> Professionals, Managers, Executives and Technicians.

<sup>2</sup> Specifically, this means the 65<sup>th</sup> percentile of local PMET wages by age.

7. With this benchmark, businesses can expect greater predictability in future updates to the EP qualifying salary. MOM will review the EP qualifying salary annually against the benchmark, taking into account prevailing economic conditions. Sufficient lead time will also be given to businesses to adjust.

### **INTRODUCE COMPLEMENTARITY ASSESSMENT FRAMEWORK (COMPASS) FOR EP APPLICATIONS**

8. In addition to meeting the qualifying salary, EP candidates must earn sufficient points under a new points-based Complementarity Assessment Framework (COMPASS) to qualify for an EP<sup>3</sup>.

9. COMPASS evaluates an EP application based on a holistic set of individual and firm-related attributes. It enables companies to select high-quality foreign professionals, while improving workforce diversity and building a strong Singaporean core. It is a transparent system to give businesses clarity and certainty for their manpower planning. More details on COMPASS are in **Annex A**.

10. COMPASS will apply to new EP applications from 1 September 2023, and to renewal applications from 1 September 2024.

### **SET BENCHMARK FOR S PASS QUALITY**

11. The S Pass is for mid-skilled foreign employees performing specialised roles. In addition to quotas, qualifying salaries and levies are in place to ensure that S Pass holders are hired because they fill skills gaps, and not simply because they are cheaper than locals.

12. MOM aims to uplift the quality of S Pass holders to the top one-third of our local APT<sup>4</sup> workforce. As such, MOM will be setting the benchmark for the cost of hiring an S Pass holder, which includes both the qualifying salary and levy, based on the top one-third of local APT wages<sup>5</sup>. The S Pass qualifying salary<sup>6</sup> and levies will be raised

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<sup>3</sup> As with the prevailing Fair Consideration Framework job advertising exemption, applicants with a fixed monthly salary of \$20,000 and above are exempted from COMPASS. These are typically positions for senior management or specialists that already involve more selective hiring processes.

<sup>4</sup> Associate Professionals and Technicians

<sup>5</sup> This refers to the 65<sup>th</sup> percentile of local APT wages by age.

<sup>6</sup> The current S Pass minimum qualifying salary is \$2,500, while the current Tier 1 and Tier 2 levy rates are \$330 and \$650 respectively.

progressively to achieve this benchmark. Older S Pass candidates will continue to require a higher salary to qualify, so as to ensure a level playing field for all age groups.

13. Reflecting the Financial Services sector’s higher wage norms, a higher S Pass qualifying salary for this sector will be introduced.

14. The changes to the S Pass qualifying salary will be implemented over three steps to phase out the impact to businesses. For new applications, this will start from September 2022 as outlined in Table 1. For renewal applications, the changes will apply one year later (e.g. the increase for new applications from 1 September 2022 will only apply to renewals from 1 September 2023).

**Table 1: S Pass Qualifying Salary changes for New Applications**

	<b>From 1 Sep 2022</b>	<b>From 1 Sep 2023</b>	<b>From 1 Sep 2025</b>
Minimum Qualifying Salary (for non-FS sectors)	\$3,000 <i>(increases up to \$4,500 for those in mid-40s)</i>	At least \$3,150*	At least \$3,300*
Minimum Qualifying Salary (for FS sector)	\$3,500 <i>(increases up to \$5,500 for those in mid-40s)</i>	At least \$3,650*	At least \$3,800*

\*Finalised values to be announced closer to implementation date based on prevailing local APT wages at the time.

15. Employers can use the [Self-Assessment Tool \(SAT\)](#) on the MOM website to assess if their S Pass candidates will meet the new qualifying salary.

16. The changes to the S Pass levy will similarly be implemented over three steps. The new S Pass levy will apply to all S Pass holders based on the timeline below in Table 2.

**Table 2: S Pass Levy changes for all S Pass holders**

	<b>From 1 Sep 2022</b>	<b>From 1 Sep 2023</b>	<b>From 1 Sep 2025</b>
Tier 1 Levy (for companies with S Passes up to 10% of total workforce)	\$450	\$550	\$650
Tier 2 Levy (for companies with S Passes up to 18% of total workforce)	\$650 (no change from prevailing)		

17. Following these moves, businesses should expect regular updates to the S Pass qualifying salary and levy to keep pace with local APT wage trends. MOM will review the S Pass qualifying salary and levy annually against the benchmark, taking

into account prevailing economic conditions. Sufficient lead time will also be given to businesses to adjust.

## **UPDATES TO CONSTRUCTION AND PROCESS SECTOR FOREIGN WORKFORCE POLICIES**

18. To spur industry transformation and incentivise firms to hire higher-skilled foreign workers, the Ministry of Manpower (MOM), Building and Construction Authority (BCA), Economic Development Board (EDB) and Enterprise Singapore (ESG) will make the following policy changes for the Construction and Process sectors:

- (a) Reduce the Dependency Ratio Ceiling (DRC) from a ratio of 1 local employee to 7 Work Permit Holders (WPHs) or S Pass holders, to 1 local employee to 5 WPHs or S Pass holders;
- (b) Phase out the Man-Year Entitlement (MYE) framework<sup>7</sup>; and
- (c) Revise the levy structure for WPHs

19. Firms will be given time to adjust. These changes will take effect from **1 Jan 2024**. More details on the changes are at [MOM's website](#).

## **SUPPORT FOR FIRMS TO ADJUST TO FOREIGN WORKFORCE POLICY MOVES**

### **Introduce Non-Traditional Source (NTS) Occupation List for Services and Manufacturing Sectors**

20. Today, some firms hire rank-and-file (RnF) workers on S Passes due to the source restrictions for Work Permit holders (WPHs).<sup>8</sup> With the moves to increase the benchmark for S Pass quality, MOM will introduce an NTS Occupation List to allow firms in the Services and Manufacturing sectors to hire such S Pass holders on Work Permits. This will be restricted to a list of selected RnF occupations.

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<sup>7</sup> The MYE framework is an allocation system for WPHs from Non-Traditional Sources (NTS) countries (Bangladesh, India, Myanmar, Philippines, Sri Lanka and Thailand) and the People's Republic of China (PRC). The MYE quota allocated to each project depends on the project type and the contract value. Firms that hire NTS/PRC WPHs above their allocated MYE quotas will need to pay a higher levy rate (on the MYE-waiver tier).

<sup>8</sup> Firms in Services and Manufacturing can hire WPHs from Malaysia, PRC and North Asian Sources (Hong Kong, Macau, South Korea and Taiwan).

21. Firms hiring NTS WPHs on the NTS Occupation List will be subject to the following controls:

- a. NTS WPHs will need to be higher-skilled (i.e., meet the R1 criteria) and be subject to a quota; and
- b. The worker can only perform the NTS Occupation stated on their work permit.

22. The NTS Occupation List will take effect from **1 September 2023**, when the first increase of S Pass qualifying salary for renewal applications is effected.

23. The NTS Occupation List is set out below. MOM will work with sector agencies to review the list from time to time, taking into account our objectives of uplifting local lower-wage workers and supporting industry transformation to be more manpower-lean and productive.

**Table 3: NTS Occupation List**

S/N	Eligible Occupations	Additional Notes
1	Cooks in Indian restaurants	This will better support our multi-ethnic food culture. Restaurants (Services sector) can already hire WPHs from Malaysia, PRC and North Asian Sources.
2	Food Processing Workers (e.g. vegetable pickler, condiments and sauce makers in food processing firms)	Excludes the following occupations: <ul style="list-style-type: none"> <li>• Supervisors and General Foremen (Food Processing),</li> <li>• Food and Beverage Tasters and Graders</li> <li>• Bakers, Pastry-Cooks and Confectionery Makers</li> </ul>
3	Sheet Metal Workers	
4	Welders and Flame cutters	
5	Metal Moulders and Coremakers	
6	Riggers and Cable Splicers	
7	Structural Metal Preparers and Erectors	

*Note: Workers in s/n 3 to 7 are typically hired in manufacturing firms, such as general manufacturers, precision engineering, transport engineering and automotive firms.*

### **Introduce Manpower for Strategic Economic Priorities (M-SEP) Scheme**

24. To support the growth of strategic firms and their creation of opportunities for locals, MOM is supporting MTI and participating economic agencies to launch the M-SEP scheme, which provides time-bound foreign manpower flexibilities to support firms that contribute to Singapore's strategic economic priorities and local workforce development.

25. To be eligible for M-SEP:

- a. Firms will have to meet MTI's and participating economic agencies' criteria. This includes participation in selected programmes in support of Singapore's key economic priorities, including the Economic Development Board's Research and Innovation Scheme for Companies and Enterprise Singapore's Scale-Up SG.
- b. Participating firms will also have to commit to developing their local workforce.

26. The scheme will be available for three years. More details will be provided in due course.

**ANNEX A**

**DETAILS OF COMPLEMENTARITY ASSESSMENT FRAMEWORK (COMPASS)**

How COMPASS Works

**COMPASS evaluates EP applications based on a holistic set of individual and firm-related attributes.**

- All applications are scored on **four foundational criteria**, based on benchmarks expected of a complementary EP holder.
- Additional points can also be earned on **bonus criteria**, which recognise applications that bring in skills in shortage and support strategic economic priorities, thus creating good jobs for Singaporeans.
- **40 points are required to pass.** Lower points on one criterion can be made up for by higher points on another.

	Individual Attributes	Firm-Related Attributes
<p><b>All applications are scored on four foundational criteria</b></p> <p><u>Points for each criterion</u></p> <p><b>20 points</b> : Exceeds expectations  <b>10 points</b> : Meets expectations  <b>0 points</b> : Does not meet expectations</p>	<p><b>C1. Salary</b> Relative to local PMET salary norms for sector</p> <p><b>C2. Qualifications</b> Based on candidate's qualifications</p>	<p><b>C3. Diversity</b> Whether candidate improves nationality diversity in firm</p> <p><b>C4. Support for Local Employment</b> Based on local PMET share relative to industry peers</p>
<p><b>Additional points awarded on bonus criteria</b></p>	<p><b>C5. Skills Bonus (Shortage Occupation List)</b> For candidate in job where skills shortages exist</p>	<p><b>C6. Strategic Economic Priorities Bonus</b> For partnership with Government on ambitious innovation or internationalisation activities</p>
<p><b>40 points are required to pass COMPASS</b></p>	<ul style="list-style-type: none"> <li>• Application that meets expectations (earns 10 points) on all four foundational criteria will pass.</li> <li>• Otherwise, application will need to make up the required points by exceeding expectations on another criterion or by scoring bonus points.</li> <li>• Applicants with a fixed monthly salary of \$20,000 and above are exempted from COMPASS (similar to prevailing FCF job advertising exemption).</li> </ul>	

## How Points are Awarded

The table below summarises how points are awarded. More details on COMPASS can be found on [MOM's website](#).

**40 points are required to pass COMPASS.**

	Individual Attributes		Firm-Related Attributes	
	<b>Foundational Criteria</b>	<b>C1. Salary</b>		<b>C3. Diversity</b>
<b>Fixed monthly salary compared to local PMET salaries in sector by age</b>		<b>Share of candidate's nationality among firm's PMETs*</b>		
≥ 90 <sup>th</sup> percentile		20	< 5%	20
65 <sup>th</sup> to 90 <sup>th</sup> percentile		10	5 to 25%	10
< 65 <sup>th</sup> percentile		0	≥ 25%	0
<b>C2. Qualifications</b>		<b>C4. Support for Local Employment</b>		
<b>Based on candidate's qualifications</b>		<b>Firm's share of local PMETs within its subsector*</b>		
Top-tier institution	20	≥ 50 <sup>th</sup> percentile	20	
Degree-equivalent qualification	10	20 <sup>th</sup> to 50 <sup>th</sup> percentile	10	
No degree-equivalent qualification	0	< 20 <sup>th</sup> percentile	0	
<b>Bonus Criteria</b>	<b>C5. Skills Bonus</b>		<b>C6. Strategic Economic Priorities Bonus</b>	
	Job on the Shortage Occupation List	+20 <sup>#</sup>	Firm meets specific assessment criteria on innovation or internationalisation activities	+10

# Skills bonus is reduced to +10 if the share of candidate's nationality among the firm's PMETs is one-third or higher.

\*Small firms with fewer than 25 PMET employees score 10 points on C3 and C4 by default. PMETs are proxied by employees earning at least \$3,000 per month.