

EP changes to benefit S'poreans: Chuan-Jin

Entry-level salaries for S'poreans cannot be allowed to remain stagnant

By **TEH SHI NING**

[SINGAPORE] Entry-level salaries for Singaporeans have been stagnant over the past five years and this cannot continue, Acting Manpower Minister Tan Chuan-Jin told BT in an interview.

This is why the government will be raising the minimum salary at which foreign professionals, managers and executives (PMEs) can secure employment passes (EPs) – to ensure their lower wages do not depress those of young Singaporeans.

The government will change salary requirements not only for the lowest Q1 tier, but for the upper P2 and P1 categories of employment passes as well. And, as employers wait and watch for how the government will act to ensure Singaporeans get fair consideration for job vacancies, Mr Tan said that the chosen approach will not be overly bureaucratic and will ensure businesses can still meet their manpower needs.

In fact, to engage both employers and employees on the shape of Singapore's future workforce, the Minis-

try of Manpower (MOM) will convene an "Our Singapore Conversation" discussion on jobs in the next few months.

"Obviously, we have not been very successful in the last few years, with the (foreign manpower) tightening," Mr Tan said of Singapore's overall restructuring push. Despite higher levies and dependency ratios, growth in the number of work permit and S-pass holders has stayed strong as economic growth meant that it still made business sense for many employers to hire.

But tightening appears to have worked well for the employment pass category, which was restructured last year to factor in the skills and experience of foreign candidates, relative to salaries. The number of employment pass holders fell for the first time in a decade to 173,800 last December, down from 175,400 a year earlier.

Even so, more needs to be done, said Mr Tan, because wages for Singaporeans entering the workforce as PME are not rising as they should.

Graduate employment

surveys by tertiary institutes here show that after adjusting for inflation, recent cohorts of graduates were starting work at a lower pay than the high enjoyed by the 2007 cohort – the year median starting salary data was first collected. Growth in nominal terms had also slowed from 2007 to 2012, compared with the period from 2003/2004 to 2007, based on mean data.

Mr Tan pointed out that he is "not particularly happy" with this situation, given that the economy continued to grow in the meantime. "Should \$3,000, for example, be the threshold where we admit in people on the employment pass? I think the numbers will go up ... I don't think it should be \$3,000," he said.

Salary thresholds for the higher P1 and P2 tiers of employment passes – currently at \$4,500 and \$8,000 respectively – will be tweaked too. "I think the levels would go up. But the overall framework as well, I'm looking at refreshing it," Mr Tan said.

As more young Singaporeans are expected to join the workforce as PME in the near future, these changes are meant "to make sure wages are moving correctly, so that Singaporeans have fair opportunities, have good, fair remuneration".

While tweaking the framework may help tilt the balance in favour of Singaporeans, the government has said that it also will address complaints of discrimination by nationality – said to be especially common in the financial services sector.

Such complaints prompted calls in and out of Parliament for employers to be required to show proof of a search for local candidates before filling a vacancy with a foreigner.

Mr Tan cautioned that such hard and fast rules have their own risks. Legislation "doesn't solve all the problems", he said. "In fact it might actually just harden things and give you very little room for improvement."

Too legalistic an ap-



Mr Tan: Changes are meant 'to make sure wages are moving correctly'.

proach may result in companies finding ways to follow the letter of the law without fulfilling the spirit of it. "When do you take out the sledgehammer, the screwdriver? There are different tools for different problems. When you take out the sledgehammer, then of course it will solve a lot of things. But then, you also break a lot of things along the way. So I think you have to be very targeted," he said.

MOM continues to study the impact of such measures implemented in other countries, such as the UK, Australia and the US. "Sometimes it doesn't make much difference. (Companies) just have to go through a few more steps, hoops and hurdles. It actually sometimes adds more to the friction and cost," Mr Tan said.

Without precluding regulation, the government's other changes to the workpass framework and announcements of how it suspended the workpass privileges of companies that placed discriminatory ads for instance, are meant to "shape the consciousness of companies" too.

MOM tracks complaints of discrimination, though these tend to be anonymous and hard to act upon. "On the ground, we do our own checks. If we feel there's some basis to follow up, we do follow up extensively. We interview other members in the banks, or any other companies," Mr Tan said.

The desired outcome is not a "Singaporean-first" or "Singaporean-only" system – that would not serve Singaporeans well in the long term.

This is because competition for jobs is no longer confined to Singapore's shores, Mr Tan said, citing examples of firms outsourcing entire accounting departments to another regional capital with young, well-educated graduates able to do the work for less pay.

"The fact is, actually, people are competing even if they are not here," he said. Hence the need to ensure that sectors generating good jobs are not unintentionally driven out by manpower policy changes.

"Companies don't invest in Singapore because they love Singapore, they invest in Singapore because it makes dollars and sense," he said, rattling off the Republic's plus-points such as transparency, strong legal and financial systems, a lack of corruption and certainty.

"The worry is when you lose sectors, I think you also lose the jobs and opportunities," he said. "At least, if the foreigners are here, helping to blend the cost to some degree, at least I can get the jobs here," he added.

Fully cognisant that many of these changes will pile costs on businesses already struggling with rising costs, MOM will analyse the impact of various approaches to find a solution with the least unfavourable trade-offs.

In the next few months, MOM will follow the ministries of National Development and Education to launch its own "Our Singapore Conversation" sessions to engage employers, employees, trade unions, training providers, academics and the general public, for their views on how the government can help Singaporean employers and workers better prepare for the demands of the future economy.

◀ **Minimum wage not best option to lift lowest-income group:** Chuan-Jin, Page 2