

The coronavirus disease 2019 (COVID-19) pandemic causing major disruption to global economies has resulted in the Singapore government announcing an unprecedented three budgets to help businesses – Unity Budget (18 February 2020), Resilience Budget (26 March 2020) and Solidarity Budget (6 April 2020) – totalling almost S\$60 billion to help sustain businesses and save jobs.

We identify below key guidelines and schemes that employers should take note of in implementing measures to sustain business and save jobs.

On 30 March 2020, the National Wages Council (NWC) issued its guidelines for the period 1 April 2020 to 31 June 2021. In its guidelines, the NWC advised that companies hit by COVID-19 should take other measures before resorting to pay cuts and retrenchments.

It suggests that employers consider the following (in order of priority) to sustain business and save jobs:

1. Reduce non-wage costs and consider measures to utilise and manage excess manpower
2. Tap on government support to offset business and wage costs, and press on with business and workforce transformation
3. Trim wage costs
4. If necessary, to retrench workers as a last resort, and ensure that it is done in a responsible manner

Reduce Non-wage Costs and Consider Measures to Utilize and Manage Excess Manpower

The NWC affirms the approach of having employers recognise the need to take a long-term view of their manpower needs and the need to maintain a strong Singapore core. The following measures have been suggested by the NWC and/ or the Tripartite Advisory on Managing Excess Manpower and Responsible Retrenchment (Tripartite Advisory) for reducing non-wage costs and managing excess manpower:

No Wage Cuts

- a. Focus on training and upskilling
- b. Redeploy employees to alternative areas of work within the company
- c. Adopt Flexible Work Schedules (FWS), which allow employers to optimise the use of manpower when they go through cyclical troughs and peaks

With Wage Cuts

- d. Implement other work arrangements, such as part-time work and sharing of jobs or other flexible work arrangements, depending on operational needs and the severity of downturn
- e. Implement shorter work weeks, which translates into a reduction of work hours
- f. Temporary layoff – this can be the result of facility shutdowns where the work site is closed for a designated period while some administrative functions are still performed or applied broadly across the whole company
- g. No-pay leave – this should be used as a last resort in order for companies to survive and save jobs
- h. Support affected local employees who wish to seek a second job to supplement their income

In implementing the measures set out above, employers should consult and seek the consent of unions (if any) and employees early and communicate the impact of the measures clearly, given that the livelihood of employees are at stake.

Employees are urged to support employers' cost-cutting measures and reasonable efforts to manage excess manpower. Unemployed workers should take advantage of training support schemes to upgrade themselves and be flexible in accepting new job opportunities.

Do note that where cost-saving measures affect employees' salaries (except adjustments to discretionary payments like bonuses and increments), if the employer is registered in Singapore and has at least 10 employees, [MOM has to be notified](#) within seven days of implementation.

If foreign employees' salaries will be reduced as a temporary cost-saving measure, approval from the Controller of Work Passes is required. [Application for approval is to be submitted after submitting the notification to MOM.](#)

Note 1: The Singapore government has implemented a month-long circuit breaker period from 7 April to 4 May 2020 (Circuit Breaker) where most workplaces (save for those providing or supporting essential services) are shut down. Employers implementing cost-saving measures for this Circuit Breaker period will only need to notify MOM if the measures result in salaries falling below 75% of gross monthly salary for local employees or 75% of basic monthly salary for foreign employees.

Note 2: The online form for seeking the approval of Controller of Work Passes is not available during the Circuit Breaker. The online form may become available after 4 May 2020.

Tap on government support to offset business and wage costs, and press on with business and workforce transformation.

Business and Wage Offsets

1. The Jobs Support Scheme

The government will co-fund 25% of gross monthly wages of each local employee (applicable to Singapore Citizens and Permanent Residents), up to a monthly wage cap of S\$4,600. Firms in the food services¹ sector will receive 50% support, while firms in aviation and tourism sectors² will receive support at 75% of wages.

Pursuant to the Solidarity Budget announced on 6 April 2020, firms in all sectors will have 75% of their local employees' wages co-funded for the month of April 2020, subject to a wage cap of S\$4,600. The Scheme will revert to normal (tiered) levels thereafter.

2. Enhancement to Wage Credit Scheme

The Wage Credit Scheme (WCS) was enhanced in Budget 2020. A summary of the changes to WCS is in the table below.

Scheme	Existing WCS as announced in Budget 2018	Enhanced WCS as announced in Budget 2020
Qualifying years	<ul style="list-style-type: none"> 2018, 2019, 2020 	<ul style="list-style-type: none"> 2019, 2020
Level of co-funding	<ul style="list-style-type: none"> 20% of qualifying wage increases in 2018 15% of qualifying wage increases in 2019 10% of qualifying wage increases in 2020 	<ul style="list-style-type: none"> 20% of qualifying wage increases in 2019 15% of qualifying wage increases in 2020
Gross monthly wage ceiling	<ul style="list-style-type: none"> S\$4,000 	<ul style="list-style-type: none"> S\$5,000

¹ Licensed food shops and food stalls (including hawkker stalls)

² Airlines, Airport ground handlers, Airport operators, Qualifying licensed hotels, Qualifying licensed travel agents, Qualifying gated tourist attractions, Cruise lines and cruise terminal operators, Purpose-built Meetings, Incentives, Conferences and Exhibitions venue operators

Scheme	Existing WCS as announced in Budget 2018	Enhanced WCS as announced in Budget 2020
Qualifying wage increases	<ul style="list-style-type: none"> Increases in gross monthly wage of at least S\$50 given to Singaporean employees in the qualifying year, up to a gross monthly wage level of S\$4,000, will be co-funded. In addition, increases in gross monthly wage of at least S\$50 given in 2017, 2018 and 2019 up to a gross monthly wage level of S\$4,000, and sustained in subsequent years of the scheme, will be co-funded. 	<ul style="list-style-type: none"> Increases in gross monthly wage of at least S\$50 given to Singaporean employees in the qualifying year, up to a gross monthly wage level of S\$5,000, will be co-funded. In addition, increases in gross monthly wage of at least S\$50 given in 2017, 2018 and 2019 up to a gross monthly wage level of S\$5,000, and sustained in subsequent years of the scheme, will be co-funded.

3. Foreign Worker Levy waiver and rebate

The monthly Foreign Worker Levy for April will be waived.

Employers will also receive a Foreign Worker Levy Rebate of S\$750 for each work permit or S Pass holder, based on levies paid in 2020. Employers will receive the rebate as early as 21 April 2020.

4. Work-Life Grant

The Work-Life Grant aims to incentivise employers to sustain the use of flexible work arrangements (FWAs) for all employees, to create work-life harmony at the workplace.

The Work-Life Grant comprises two components:

• **FWA Incentive**

Incentivise companies to sustain implementation of FWAs (e.g. flexi load, flexi time or flexi place arrangements) for their local employees.

• **Job Sharing Incentive**

Incentivise employers to implement job sharing³ for employees at PMET-level with a gross monthly salary of at least S\$3,600, before job sharing arrangement.

³ Job sharing refers to arrangement in which two or more employees share the same job, but work at different times, although there may be time overlap to maintain continuity. Job sharers may work only part of the day or the week, or only alternate weeks.

5. Senior Worker Support Package

To help businesses adjust to the increase in Retirement Age (RA), Re-employment Age (REA) and CPF contribution rates, the government will introduce a Senior Worker Support Package, comprising four measures:

a. Senior Employment Credit (SEC)

This provides wage offsets to employers hiring senior Singaporean workers aged 55 and above, and earning up to S\$4,000 a month.

Employers will get up to 8% of the wages paid to workers aged 55 and above, depending on the workers' age and wage. More support will be given for the older age bands.

This will take effect from **1 January 2021 to 31 December 2022**.

b. CPF Transition Offset

This provides wage offsets to employers hiring Singaporean and PR workers aged above 55 to 70.

It will offset half of the increase in employer CPF contribution rates in 2021, and is applicable to employees' incomes paid by employers up to the CPF salary ceiling, which is currently S\$6,000 per month.

This will take effect from **1 January 2021 to 31 December 2021**.

c. Senior Worker Early Adopter Grant

To support progressive companies that are willing and able to implement a higher RA and REA ahead of time, this grant provides companies up to S\$250,000 to raise their own retirement and re-employment ages above minimum statutory requirements.

This will take effect from **1 July 2020**.

d. Part-time Re-employment Grant

This grant provides up to S\$125,000 to companies that commit to providing part-time re-employment opportunities to eligible senior workers upon their request.

This will take effect from **1 July 2020**.

6. SkillsFuture Mid-career Support Package

As part of the next bound of SkillsFuture, the new SkillsFuture Mid-career Support Package aims to create more career transition opportunities for locals in their 40s to 50s, and help them remain employable and have access to good jobs.

The aim is to double the annual job placement of this group to around 5,500 by 2025.

Business and Workforce transformation

7. Bring forward planned training for employees, putting employees' downtime to productive use.

From 1 May, SkillsFuture Singapore will provide absentee payroll support at 90% of hourly basic salary, capped at \$10 per hour, to all employers who send their workers for selected training programmes.

8. Bring forward implementation of productivity initiatives

- Employers should redesign jobs and train employees for these new jobs. Eligible employers can tap into the [Job Redesign and Redeployment programmes](#) and the Productivity Solutions Grant by Workforce Singapore, as well as Productivity Solutions Grant by Skillsfuture Singapore.

- Employers can also tap into the new [Skillsfuture Enterprise Credit](#), under which they may receive a one-off S\$10,000 credit to cover up to 90% of out-of-pocket expenses on qualifying costs for programmes that support enterprise transformation, job redesign and skills training.

9. Set up Company Training Committees that help employers build up in-house workplace learning capabilities.

Trim Wage Bills

10. Employers should seek the consent of unions and engage employees before implementing wage reduction measures.

11. If wage bills have to be trimmed:

- Employers may exercise wage reductions, with management leading by example. Depending on the financial position and prospects, employers may consider **reducing variable payments**.
- Employers may consider reducing the annual increment or introducing a wage freeze if the situation warrants it.
- If monthly wage levels are unsustainable, employers can consider **adjusting the monthly variable wage component** downwards, where available.
- Employers should set clear guidelines to restore the MVC or basic wage cuts through future wage increases or adjustments when the business recovers.
- Any reduction of wages should be applied to local and foreign employees fairly.

12. NWC strongly recommends that employers give special consideration to low-wage workers, particularly those serving in the frontline of the COVID-19 response. Where wage reductions are necessary, employers should adopt a graduated approach, with deeper reductions at management level and for higher-wage employees to effect the desired extent of reduction in total wage costs.

13. Do note that where cost-saving measures affect employees' salaries (except adjustments to discretionary payments like bonuses and increments), if the employer is registered in Singapore and has at least 10 employees, [MOM has to be notified](#) within seven days of implementation.

14. If foreign employees' salaries will be reduced as a temporary cost-saving measure, approval from the Controller of Work Passes is required. [Application for approval is to be submitted after submitting the notification to MOM](#).

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