



MINISTRY OF
MANPOWER

“MANPOWER CHALLENGES DURING THE ECONOMIC DOWNTURN”

Presentation by Labour Relation & Workplaces Division
Ministry of Manpower

Presentation Outline

- **Labour Market Trends**

- **Managing the Downturn:**
 - Tripartite Guidelines on Managing Excess Manpower
 - Revised NWC Guidelines 2009
 - Budget 2009 – Measures To Save Jobs

Labour Market Trends

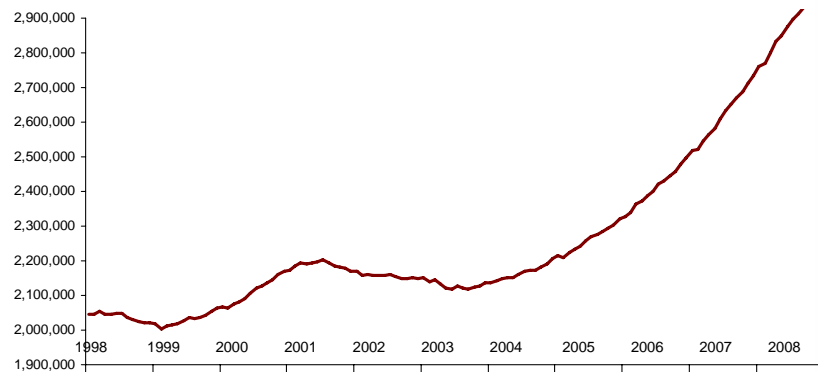


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Total Employment at Record High - mainly due to strong 1st Half 2008

Total Employment Level, 1998 – 2008 (As of Sep 08)

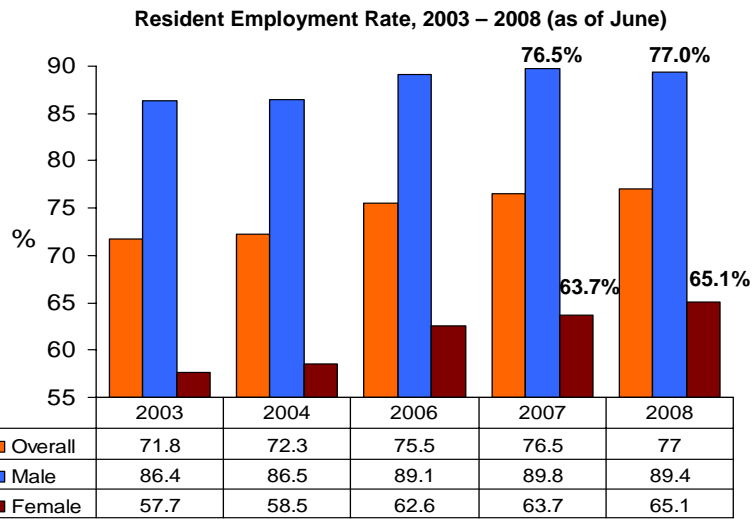
2,931,200



Source: Labour Market, Third Quarter 2008

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Record High Resident Employment Rate in 2008



Note: Data for 2005 is not available as the Labour Force Survey was not conducted
Source: Labour Force Survey 2008

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Latest Employment Situation (as at 30 Jan 09)

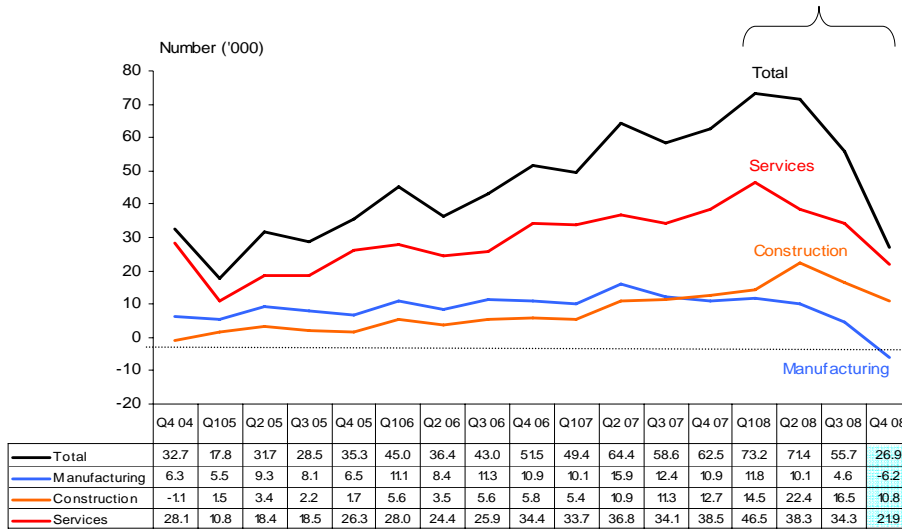


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Job Creation Slowed Significantly

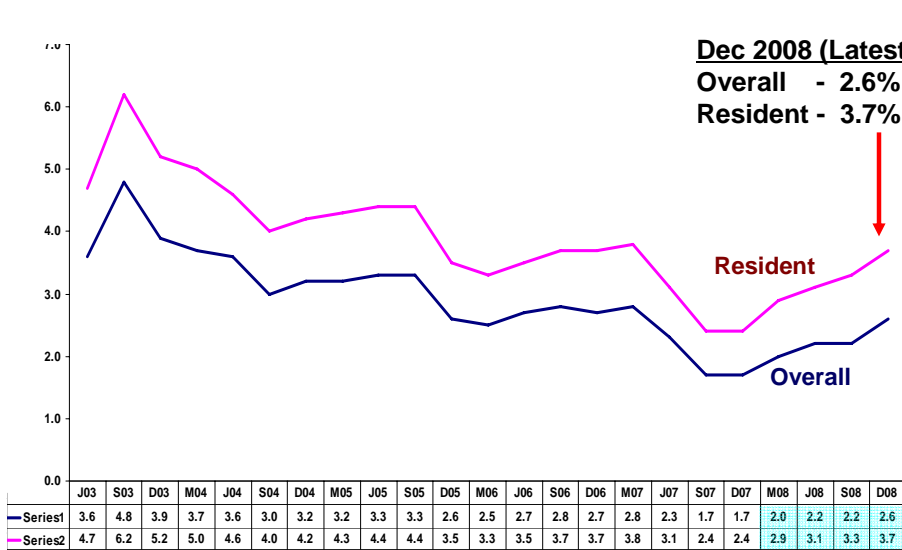
Employment Change, Q4 2004 – Q4 2008

Employment growth slowed significantly to 26,900 in Q4 2008, compared with 55,700 in Q3 2008 and 62,500 in Q4 2007.

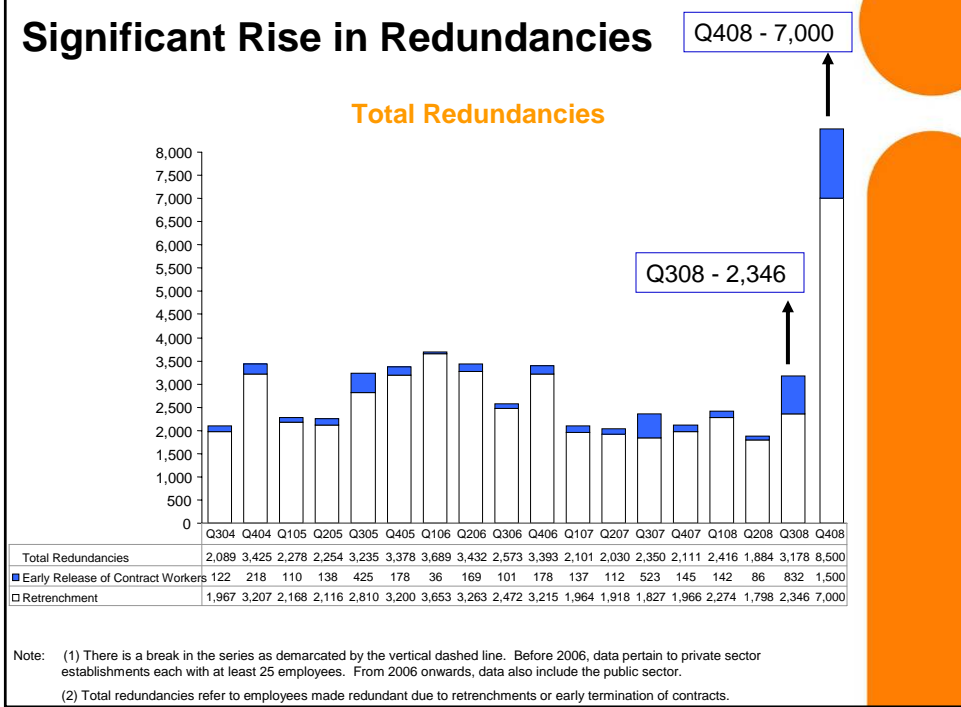


Resident Unemployment is Rising

Seasonally-adjusted unemployment rate, Mar 2003 – Sep 2008



Significant Rise in Redundancies



Weak Outlook for 2009 ...

- GDP growth estimate: **-5.0% to -2.0%**
- Higher unemployment and more retrenchments expected



Deeper downturn in 2009: MTI

GDP down 0.6% in Q3; 2008 growth cut to around 2.5%; 2009 GDP outlook: -1 to 2%

in Singapore's electronics output and non-oil exports of late. NODX - non-oil domestic exports, the key trade measure - is not be purely statist est figures see produ for a fourth strai sharply by 9.6 per c²

... But There Are Still Growth Areas

RESILIENT INDUSTRIES



Healthcare



Education

GROWTH AREAS



New Investments
(Water and Clean Energy)

Integrated Resorts

Managing the Downturn



Managing the Downturn

National Wages Council
Guidelines

Tripartite Guidelines
on Managing Excess
Manpower

Skills Programme
for Upgrading and
Resilience (SPUR)

Budget 2009

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Tripartite Guidelines on Managing Excess Manpower

- *Cut costs to save jobs –*
Top Priority
- Consider other cost management measures (both by reducing non-wage & wage costs)
- Go for retrenchment only as a last resort



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Key Areas of Recommendation



TRAINING

- Leverage on the Skills Programme for Upgrading and Resilience (SPUR)
 - *train & upgrade your employees' skills*

FLEXI-WORK

- Re-deploy your surplus employees to alternative areas of work within your company
- Implement shorter work week, temporary layoff, or other flexible work arrangements

FLEXI-WAGE

- Adjust wage cost using the flexible wage system (FWS)
- Make greater use of variable components – Annual Variable and Monthly Variable Component

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TRAINING

Skills Programme for Upgrading & Resilience (SPUR)

A tripartite programme to help employers and workers manage the economic downturn and build new capabilities to seize opportunities for the economic recovery



Cut Costs, Save Jobs

Help companies manage excess manpower and reduce unemployment / under-employment



Reskill & Upskill

Help local workers upgrade skills and convert to new jobs



Build Capabilities for Recovery

Strengthen capabilities in labour market and prepare for upturn

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SPUR for Employers

1. Higher Course Fee Support

Local workers taking WSQ / nationally certifiable courses at CET Centres



Rank-&-File
courses

90%

80% / 90%



PMET-level
courses

90%

70%

3.
More Skills
Upgrading
Pathways

2. Higher Absentee Payroll Caps

Local workers taking WSQ / nationally certifiable courses at CET Centres



Below 40
years old

\$6/hr



\$4/hr



Aged 40 & above
and with 'A' level
quals and below

\$6.80/hr



\$4.50/hr

4.
Industry
Upgrading

Absentee payroll of \$4 and \$4.50/hr at all other ATOs

FLEXI-WORK

Shorter Work Week

- Employees take up to 50% annual leave
- Shorten work week by max 2 days per week for max 2 mths at any one instance subject to review
- Employees paid at least 50% on days they are not required to work

Temporary Layoff

- Employees take up to 50% annual leave
- Layoff duration max 1 mth at any one time subject to review
- Employees paid at least 50% during layoff

Redeploy Employees

- Redeploy to alternative areas of work within your company

FLEXI-WAGE

If you have a flexible wage system, use it to adjust your wage cost

Variable Bonus

- Depends on the company's performance
- Can be reduced or not given if company not doing well

Annual Increment

- if situation warrants it, AI can be reduced or wage freeze imposed

Annual Wage Supplement

- if business situation continues to worsen, AWS can be reduced

Monthly Variable Component

- Part of basic salary, MVC can be adjusted downwards depending on the company's situation & other KPIs agreed

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If retrenchment becomes necessary ...

- Inform MOM and consult union (giving advance notice)
- Inform affected workers before notice of retrenchment is given
- Offer employment assistance to affected workers
- Decide on the quantum of retrenchment benefits, taking into account any contractual or CA obligations, and/or prevailing industry norm

For information on the Guidelines, please visit
www.mom.gov.sg/mem.

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Managing the Downturn

National Wages Council
Guidelines (16 JAN – 30 JUN 2009)

Tripartite Guidelines
on Managing Excess
Manpower

Skills Programme
for Upgrading and
Resilience (SPUR)

Budget 2009

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Highlights of the Revised NWC Guidelines for 16 Jan 2009 – 30 Jun 2009

Freeze/cut wages according to performance, prospects

- In consultation with unions/workers, companies adversely affected by the economic downturn may **implement a wage freeze or wage cut** commensurate with their performance and prospects, in order to stay competitive and save jobs.

Make use of variable components in the wage structure

- Companies that have adopted flexible wage systems should **make use of variable components** in the wage structure, (AVC or MVC), to reduce their wage costs.

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Highlights of the Revised NWC Guidelines for 16 Jan 2009 – 30 Jun 2009

Reduce non-wage costs and business costs

- As wages constitute only a part of the total cost of doing business in Singapore, NWC urges companies to take measures to reduce non-wage costs, and the government to reduce business costs.

Reward workers with moderate wage increase

- Companies performing well or less affected by the economic downturn should **reward their workers with moderate wage increase.**

Such increases should largely be in the form of variable payments, so that companies' long-term cost competitiveness would not be affected.

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Highlights of the Revised NWC Guidelines for 16 Jan 2009 – 30 Jun 2009

Adopt Tripartite Guidelines on Managing Excess Manpower and tap on SPUR

- NWC strongly endorses the Tripartite Guidelines on Managing Excess Manpower and SPUR as **concrete and practical measures to** help companies and workers **cope with the economic downturn and position themselves to ride the economic recovery.**

Press On with Long Term Initiatives

- Companies should continue to **press on with other key initiatives** covered in the NWC guidelines issued in May 2008.
*(enhancing the employability of older workers and women;
enhancing efforts to help low wage, contract and informal workers)*

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Managing the Downturn

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Budget 2009

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Key Budget Initiatives

Benefits for Businesses

- Jobs for Singaporeans
- Stimulating Bank Lending
- Enhancing Business Cashflow and Competitiveness

(A) Jobs Credit

(B) SPUR for Workers and Professionals

(C) Workfare Income Supplement Special
Payment

(D) Government Hiring

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Key Budget Initiatives – Jobs For Singaporeans

- 1. Jobs Credit - encourage businesses to preserve jobs as much as is possible in the downturn**
 - employers will receive **12% cash grant on the first \$2,500** of each month's wages for each employee, for a period of **1 year**
 - given in four quarterly payments in 2009: Mar, Jun, Sept and Dec '09
- 2. SPUR for Workers and Professionals - enhancement to SPUR to help PMETs re-train**
 - increased course fee subsidies for PMET-level: **80% to 90%**
 - more courses under SPUR: selected tertiary courses at UniSIM and the 3 publicly funded universities will be included under SPUR

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Key Budget Initiatives – Jobs For Singaporeans

- 3. Workfare Income Supplement (WIS) Special Payment - temporary top-up to help with lower wages**
 - giving low-income workers with an **additional 50%** of the WIS payments receive over the course of this year
 - relaxing the work eligibility criteria of the WIS Special Payment
- 4. Government will hire more**
 - the Government will be expanding recruitment (*18,000 public sector jobs are expected to be available over the next 2 years*)

*For more information, please refer to
www.singaporebudget.gov.sg

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Thank You!