



RECOMMENDATIONS FOR BUDGET 2016

National Trades Union Congress
February 2016



Labour Movement Budget 2016 Recommendations

The Labour Movement is concerned with developments in the global economy, disruptions in technology and business models and their combined impact on the Singapore economy in both the short and long terms.

We note that this year will be particularly challenging for businesses **especially since the issues facing our economy are structural, and not just cyclical**. We are comforted that the Government is looking **beyond the short term** to look at ways to restructure the economy on a stronger and more sustainable basis for the future. The Labour Movement commits itself to work together with the Government to this end.

Our concerns also include the ability of our workers to maintain their competitiveness in both local and overseas markets. We must pay more attention to the acquisition of new skills for the future jobs that our workers aspire to take on.

The Labour Movement would thus like to propose to the Government, our recommendations for Budget 2016. We will focus on 4 key themes:

1. Strengthening the Singaporean Core
2. Improving Productivity
3. Enhancing Training and Skills Upgrading
4. Improving Retirement Adequacy

1. Strengthening the Singaporean Core

- 1.1 From our data, we note that many industries, especially the service sector, are short on manpower. Many companies have constantly requested the Government to increase their quota for foreign workers.
- 1.2 We further note that the Ministry of Manpower has indicated the policy intent of keeping the overall ratio of Singaporeans to foreign workers to 2:1. We strongly support this intent and also the need to develop and maintain a strong Singaporean core at our workplaces.



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1.3 Young/Future Workers/Professionals, Managers, Executives & Technical Workers (PMEs)

- 1.3.1 The Labour Movement urges the Government to do more to support our younger workers, **especially the PMEs**, as well as those currently in school to ensure that they are able to capitalise on the job opportunities of the future. We should aim for an **integrated career counselling system**, starting from the preparation students receive in schools, and then to their workplaces so that they can constantly stay relevant to the global marketplace of jobs.
- 1.3.2 We also call on the Government to **review the Employment Pass criteria** with a view to meeting the variegated needs of the industries whilst incentivising industries towards building a strong Singaporean Core. **Companies which have shown commitment towards building a Singaporean Core should be differentiated from those who have not.** This is to ensure our workers have fair opportunities at their workplaces. At the same time, the Government should tighten enforcement on companies that show no intent to develop a Singaporean core of workers.

1.4 Mature Workers

- 1.4.1 We should ensure that our workers can work longer if they so choose to, through regular reviews of retirement and/or re-employment age (refer to Part 4 of this report), and continued vigilance against ageist practices.
- 1.4.2 We should also ensure our mature workers continue to receive access to continuous learning, employment and re-employment opportunities.

1.5 Self-employed/Contract Workers

- 1.5.1 The Government should also look at the self-employed and contract workers to ensure their interests are protected. **The Employment Act should be examined to explore how to protect workers in “Contracts for Service” in addition to those in “Contracts of Service” it now protects.**
- 1.5.2 For self-employed workers, the Labour Movement suggests that more be done to ensure these workers have CPF contributions and hence the necessary medical and retirement resource support.
- 1.5.3 For contract workers, we suggest that the Government mandates a limit to the number of short-term contract extensions such that after a certain number of extensions, the employer is obliged to provide permanent employment to that worker. In line with this, we urge the Government to outlaw unfair practices such as employers requiring a one day break in-between contracts so that the employee does not enjoy length of service benefits.



1.6 Low Wage Workers

- 1.6.1 We also strongly urge the Government to continue to keep a focus on low wage workers so as to channel them to better jobs which provide better pay. We encourage the Government to take the lead in redesigning the jobs for our low wage workers towards a better remuneration outcome. The Government should also mandate a review of the methods employed in the low wage sectors like cleaning, security and landscape. On the other hand, the Government can incentivise companies that adopt best of class practices that uplift the wages of our workers.
- 1.6.2 We urge the Government to review the Workfare Income Supplement criteria to ensure that the pay-outs continue to be targeted at the bottom 20th income percentile, since incomes have changed over time. We also urge for the criteria to be based on basic wages rather than gross wages, which include income from overtime work.
- 1.6.3 We suggest to the Government to consider making the payment of annual increments and annual wage supplement compulsory for low wage workers.

1.7 In this context, the Labour Movement strongly supports the Ministry of Manpower's *Lean Enterprise Development Scheme* as long as our **Singaporean core of workers benefit** as an outcome.

2. Improving Productivity

- 2.1 Given the prospect of a long term structural shift that our economy has to go through, the Labour Movement strongly urges the Government to help prepare our workers to reskill and take advantages of the new jobs that will be created.
- 2.2 We note that this transformation will require productivity measures to be implemented and we will support this transformation with the intent that **the gains must be fairly shared with our workers**.
- 2.3 At the same time, we also hear feedback from our unionised companies that there are many Governmental schemes to support various objectives and this can be confusing for them. As a result, there may be underutilisation of these schemes which then results in workers in those companies losing out in terms of opportunities or potential wage increases.

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- 2.4 We urge the Government to lead and mandate processes that achieve productivity increases (e.g. change building codes / regulations to make new buildings easier for cleaning, security, maintenance). Any sector that uses manpower, foreign or local, liberally has to be monitored tighter.
- 2.5 We also urge the Government to provide the lead in facilitating the adoption of best sourcing initiatives, including allowing the variation of contracts midway through their tenor or re-issuance of such contracts should there be alternative methods that can contribute to higher productivity and hence higher wages.



- 2.6 We urge the various committees driving their Sectoral Manpower Plans to set productivity benchmarks for businesses in their sectors to follow. These plans should not just focus on the new jobs but also include plans to upgrade the existing jobs which form the bulk of the existing industries.
- 2.7 We suggest to the Government that the Labour Movement can help initiate productivity-led solutions with Small and Medium Enterprises (SMEs), through working with the Singapore National Employers' Federation (SNEF). This is with the intent of improving the wages of workers in the estimated 170,000 SMEs in Singapore.
- 2.8 We further suggest that the Government reviews the various incentive schemes on productivity across different agencies, and approach the issues from the perspectives of the companies and workers, rather than just that of the regulators. We call on the Government to harmonise these schemes and strengthen their selection criteria to emphasize on the long-term sustained wage growth for workers. We suggest that the Government can provide businesses a cross-agency one-stop application process for this purpose.
- 2.9 We opine that the Government should also look at the productivity of foreign manpower here such that only the most skillful and productive workers are retained or allowed in.

3. Enhancing Training and Skills Upgrading

- 3.1 We support the Government's various initiatives under the Skills Future movement and will continue to encourage workers to take charge of their own training to stay relevant.

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- 3.2 The Labour Movement urges the Government to keep up the support for workers in their continuous learning journey by periodic reviews of the schemes under the Skills Future national movement. This can include regular top-ups to workers' Skills Future credits, among others. **We also commit to working closely with the Government to encourage workers to embrace the Skills Future movement and make lifelong learning a part of our culture.**
- 3.3 The Labour Movement offers to provide career guidance through councillors who are able to help in the curating of continuous education courses and matching workers to these courses and the relevant job opportunities on completion of their training. **This is to help ameliorate possible structural unemployment through mismatched skills and jobs.**
- 3.4 We encourage the institutes of higher learning to roll out more modular courses for workers who have many conflicting commitments to balance whilst upgrading. The Labour Movement offers to synergise possible solutions between our U Associates and Social Enterprises with these institutes and their courses.
- 3.5 We will also work with the Workforce Development Authority (WDA) to shorten the timing required to certify relevant courses to meet the needs of the industries.
- 3.6 For workers who are unable to utilise their Skills Future Credits due to ill-health or other reasons, we suggest for the amount to be allowed for transfer to their Medisave accounts instead.



4. Improving Retirement Adequacy

- 4.1 With rising life expectancy and smaller family units, the Labour Movement calls on the Government to put emphasis on workers' retirement adequacy to ensure they are provided for adequately when the time comes.

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- 4.2 The Labour Movement urges the Government to help prepare workers for a longer career through constantly facilitating the redesigning of jobs and reskilling our workers. We pledge our support to the Government in these areas.
- 4.3 **We suggest for the Government to study if we should move away from the current structure of a single retirement age to a more variegated one beyond 62 to meet the diversity in capabilities of workers and industry.** We note that this is not a precedent as there are already workers who are on the exemption notification list to the Retirement and Re-employment Act, as well as collective agreements that provide for working beyond 62 years of age. This is to allow workers who are able to stay in employment to do so, **should they desire to**. In so doing, it will allow workers to better take care of their retirement needs.
- 4.4 We urge the Government to review the CPF contribution rates for workers above 55 years old so as to help them save more for retirement. This is especially relevant as more workers are working longer. In the long term, we hope the Government will regularly review the parity of CPF contributions across the different age bands.
- 4.5 We suggest the Government to consider periodic top-ups to the Medisave accounts for all Singaporeans to assist them in the increase of healthcare costs and Medishield Life premiums.
- 4.6 We also urge the Government to continually allocate more resources in making healthcare costs for Singaporeans affordable especially for outpatient and Intermediate and Long-term Care (ILTC) sectors.