

NATIONAL WAGES COUNCIL (NWC) SUPPLEMENTARY GUIDELINES 2020/2021

The NWC issued Supplementary Guidelines in October 2020 to provide employers with updated guidance in light of the challenging economic circumstances. Employers, unions and employees, and the Government should have mutual trust, and be willing to adopt a constructive give-and-take approach to help businesses succeed and save jobs.



Emerging Stronger Together

- Employers should carefully consider preserving and upgrading enterprise and workforce capabilities to support their business strategy
- To retain existing employees through appropriate cost-saving measures, and retrain and redeploy employees to equip them with skills for the future, especially the Singaporean core

Minimising Retrenchments to Greatest Extent Possible

- Employers and employees should work together closely to minimise retrenchments. If non-wage cost-saving measures and Government support have been exhausted, employers and employees to **implement temporary wage cuts to extent needed to minimise retrenchments**

SIX KEY PRINCIPLES ON IMPLEMENTING APPROPRIATE WAGE CUTS:

- 1** Utilise the range of flexibility under the Flexible Wage System (FWS)
 - If necessary, consider temporary reduction of basic wages if variable components have already been adjusted
- 2** Employers that have not adopted FWS should do so immediately by treating any wage cuts as adjustments to a new variable component
- 3** Management to take earlier and deeper wage cuts
- 4** Employers that pay Annual Wage Supplement to endeavour to continue doing so
- 5** In deciding on reasonable level of wage cut, to take into account:
 - Sector's and company's **performance and outlook**
 - Level of **Government support**
 - Cumulative effect of **prior wage cuts** and **other cost-saving measures** implemented
 - **Impact on employees' finances**
 - Whether employees continue to **contribute full or longer working hours**
- 6** Negotiate and agree on wage adjustments and FWS implementation, with relevant union

- Employers should have regular reviews, in discussion with the unions (if applicable), to restore wage cuts in a timely manner in tandem with business recovery
- For low-wage workers earning basic monthly wage of:
 - ≤\$1,400: Implement wage freeze
 - >\$1,400: Ensure wage reductions are reasonable and that basic monthly wage does not fall below \$1,400

Responsible Retrenchment as Last Resort

- Retrenchment should be last resort, after exhausting other options such as retaining employees in critical capability areas, or retraining and redeploying them
- Carry out retrenchment exercises in a fair, responsible and sensitive manner, in adherence to updated Tripartite Advisory on Managing Excess Manpower and Responsible Retrenchment

Recommendations for Specific Groups



On Progressive Wage Model (PWM)

- Previously agreed-upon PWM wage increments are well-justified and should continue even during this time



On supporting Self-employed Persons (SEPs)

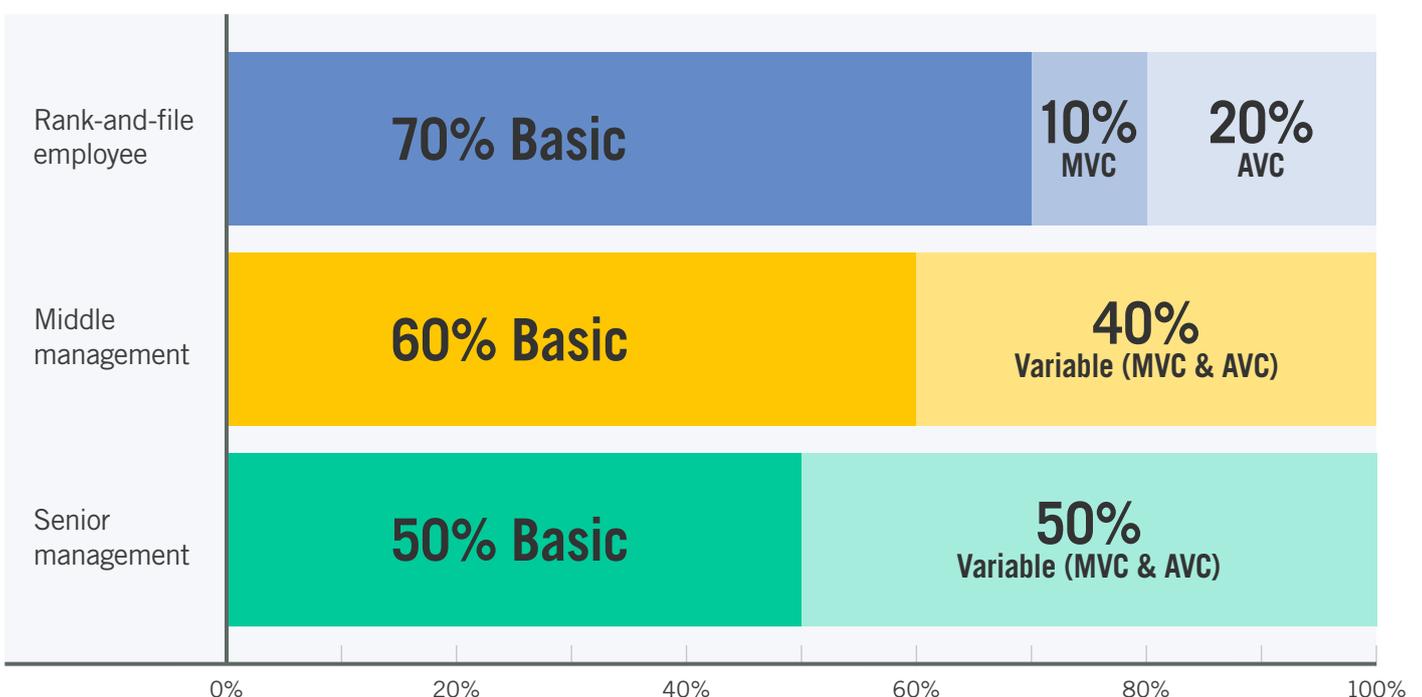
- Service-buyers and intermediaries should support SEPs by:
 - Avoiding cancellation of projects, where possible
 - Providing advance or timely partial payments for work done or costs incurred
 - Encouraging SEPs to tap on employment facilitation services available



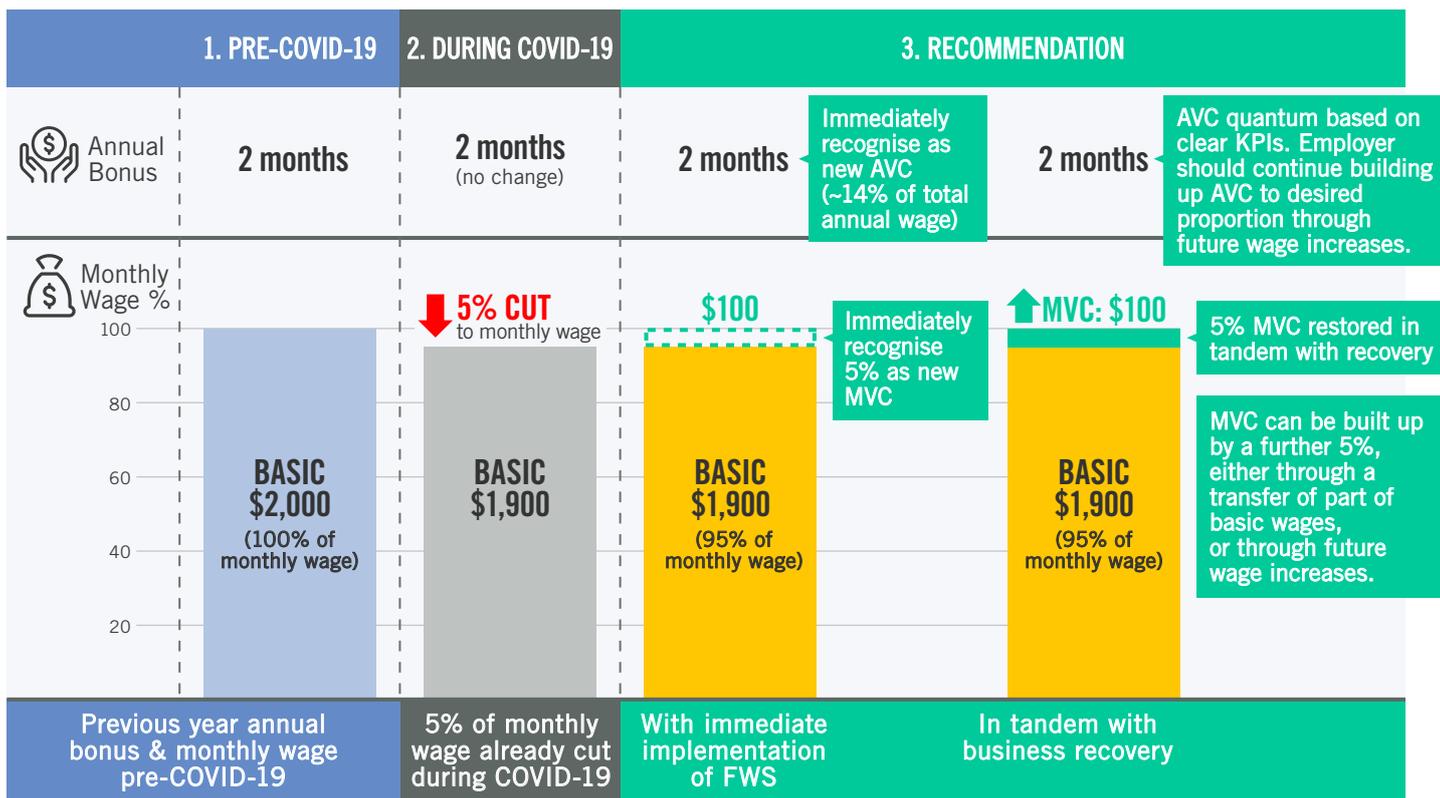
For employers who have done well and have good business prospects

- Bring forward hiring plans and tap on the Jobs Growth Incentive to hire locals
- Upgrade jobs through job redesign
- Reward employees fairly through variable payments

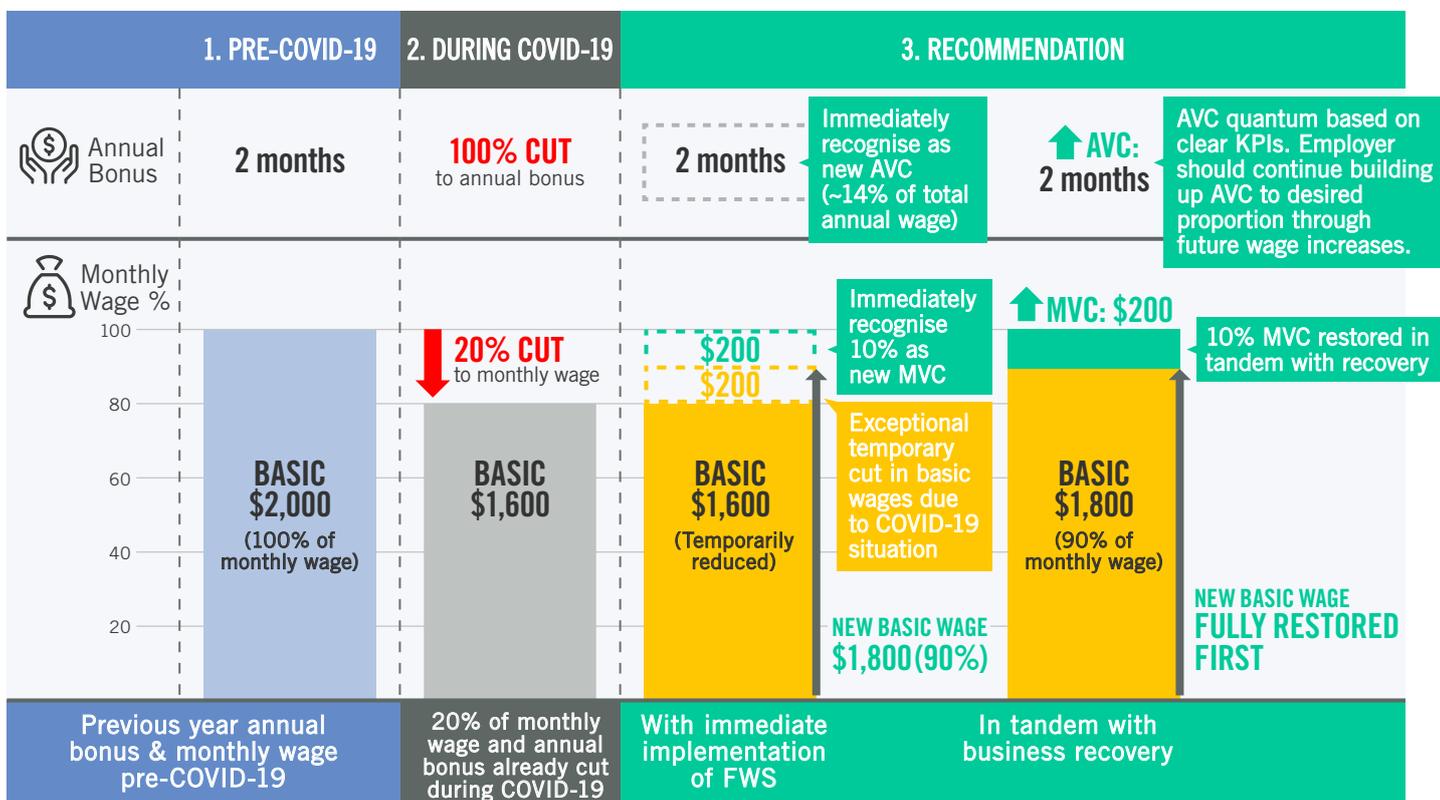
What is the recommended wage structure under the Flexible Wage System (FWS)?



- Employers who have yet to implement the FWS can treat any wage cuts already made as adjustments to a new MVC or AVC



- If necessary to avoid retrenchments, temporary reduction of basic wages can be considered as exceptional cost-saving measure necessitated by COVID-19 pandemic. Any reduction of basic wages should be restored first, in tandem with business recovery. If further build-up is necessary thereafter to achieve desired proportion of variable components, this can be done through the transfer of part of basic wages or future wage increases



For advice and support on implementing the FWS, employers may approach NTUC and its affiliated unions and SNEF.