

NATIONAL WAGES COUNCIL

2020/2021

ADDENDUM



In response to the COVID-19 pandemic, the National Wages Council (NWC) issued its [Guidelines](#) for April 2020 to June 2021 to provide guidance on how employers can sustain their businesses and save jobs.



[Supplementary Guidelines](#) were issued as an update to provide guidelines to minimise retrenchments and encourage implementation of the Flexible Wage System.



Given the current economic outlook, both sets of Guidelines remain relevant and will be extended to 30 November 2021. However, employers experiencing business recovery or growth should take steps to restore wages, reward employees fairly and bring forward hiring plans.

Employers to Continue to Minimise Retrenchments and Take Steps to Emerge Stronger

All employers should re-evaluate their business situation and how the NWC guidelines would apply to them.



1 Employers that have done well and have good business prospects:

- Reward employees fairly through variable payments.
- Bring forward hiring plans.
- Grant built-in basic wage increases.

2 Employers that are experiencing business recovery:

- Restore wage cuts implemented earlier, or roll back other cost-saving measures (such as reductions in allowances and commissions, shorter work week, temporary lay-offs, and no-pay leave), in tandem with business recovery and in a timely manner.
- Employers who have reduced basic wages as an exceptional measure to save jobs should restore basic wages first, followed by the variable wage components i.e. Monthly Variable Component (MVC) and Annual Variable Component (AVC).
- When determining the AVC payment, employers should continue to consider the company's and individual's performance.

3 Employers that continue to be adversely impacted by COVID-19:

- Take maximum advantage of Government support measures to accelerate business and workforce transformation.
- Retain employees through appropriate cost-saving measures.
- Retrain and redeploy employees in affected business units to new jobs within the company.

! If exhausted non-wage cost-saving measures and Government support, but still face significant cost pressures and poor business prospects:

- Seek employees' support to implement temporary wage cuts to minimise retrenchments.¹
- These include the immediate implementation of the Flexible Wage System (FWS).²
- Unionised companies should negotiate and agree on wage adjustments, other cost saving measures and FWS implementation with the union.



Flexible Wage System (FWS)

- Companies can introduce a MVC on top of an AVC in their wage structure to make more timely wage adjustments in response to changes in business conditions
- Every employer who has not done so should urgently implement the FWS, in particular the MVC and AVC.
- For advice and support on implementing the FWS, employers may approach NTUC, its affiliated unions and SNEF.

Low-wage Workers

- To uplift wages for low-wage workers, the NWC recommends for employers who have done well, or are recovering, to consider built-in wage increments.
- Employers who are implementing wage reductions should implement a wage freeze for low-wage workers instead.



Reconvening of NWC



- Given the dynamic and evolving COVID-19 situation, the NWC will reconvene later in the year to develop the NWC guidelines for the period from 1 December 2021 to 30 November 2022.

¹Based on key principles articulated in the Supplementary Guidelines

²Employers who have not adopted FWS should treat any wage cuts as adjustments to a new variable component. More information on the FWS can be found [here](#)