

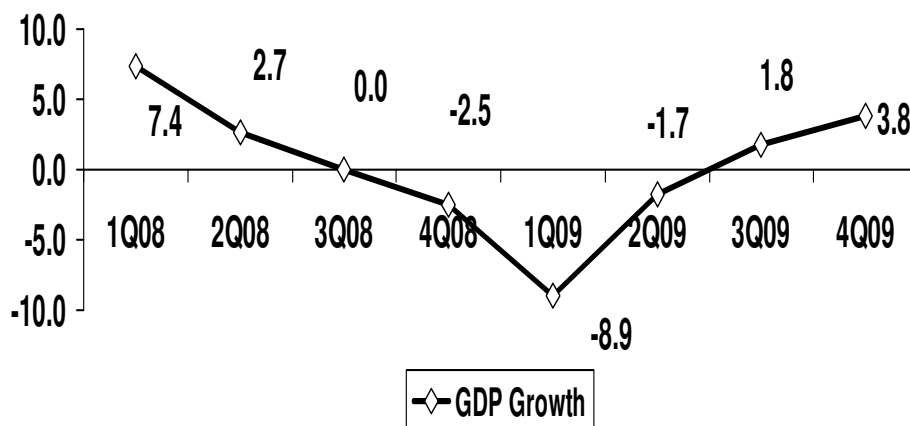


National Wages Council Guidelines for 2010/2011

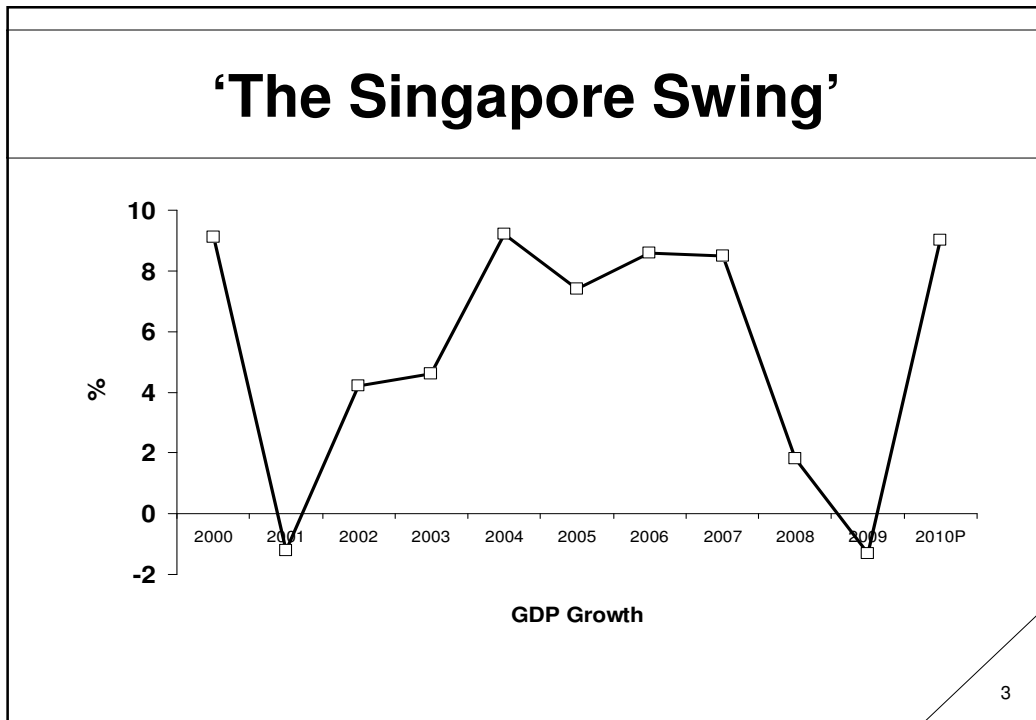
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Review of 2009



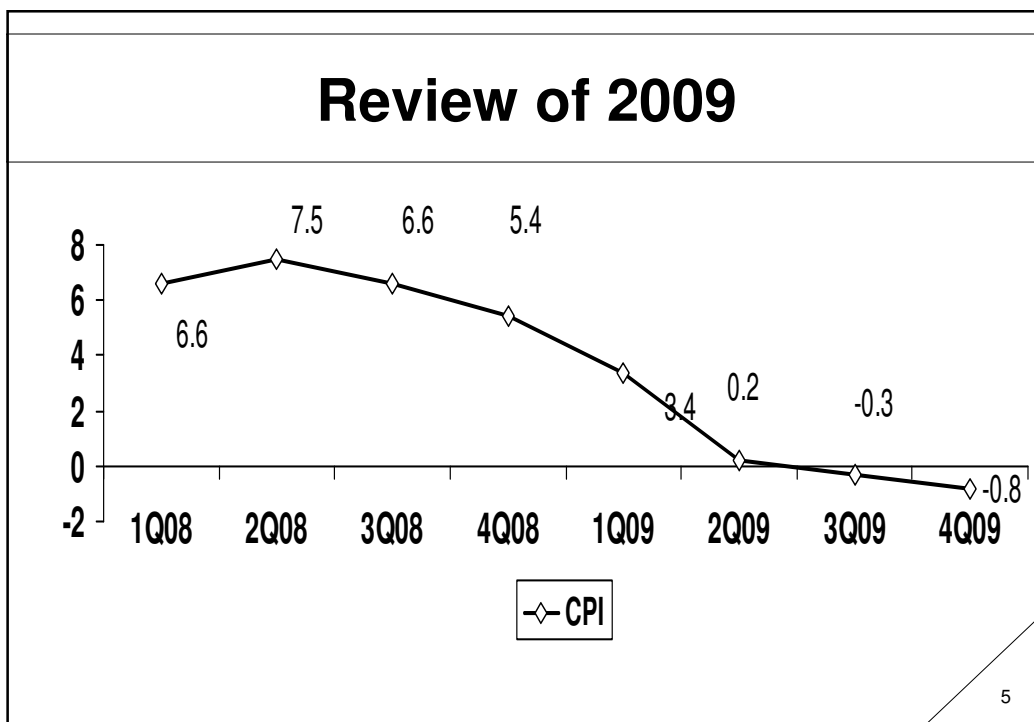
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Review of 2009

	2008	2009
Employment Growth ('000)	221.6	37.6
Unemployment Rate (%)	2.2	3.0
Resident Unemployment Rate (%)	3.0	4.3
Retrenchment	13,920	20,160

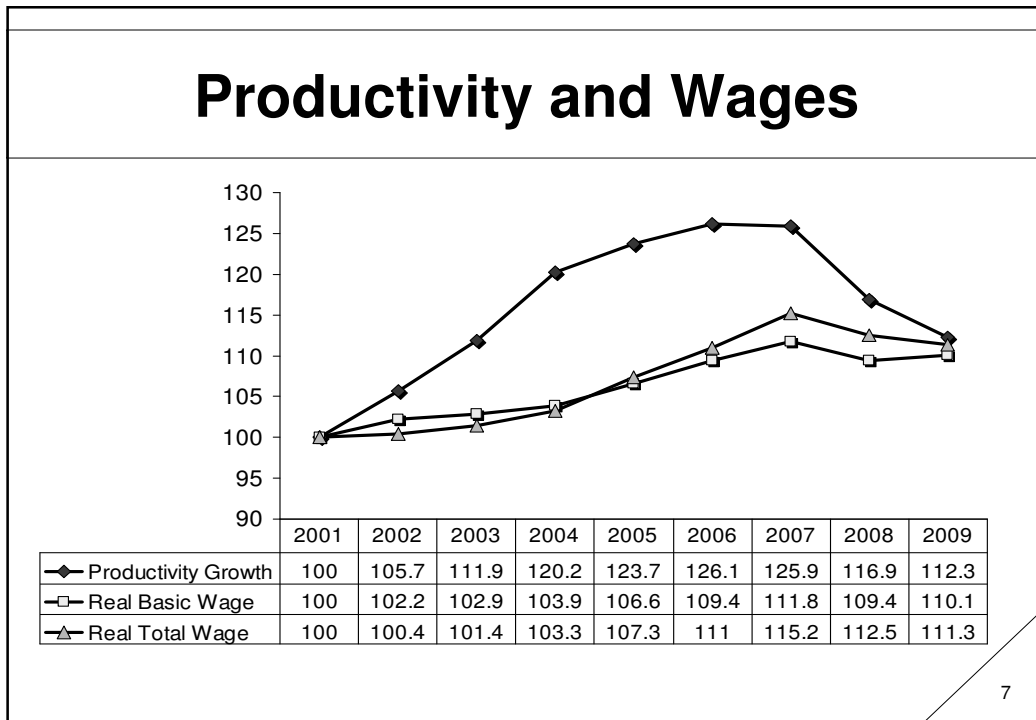
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Productivity and Wages

	2008	2009
Productivity Growth (%)	(7.2)	(3.9)
Nominal Basic Wage Growth (%)	4.4	1.3
Real Basic Wage Growth (%)	(2.2)	0.7
Annual Variable Component (incl. AWS) (Months)	2.31	1.99

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Cost Competitiveness

	2008	2009
Unit Labour Cost of the Economy (%)	7.5	(0.7)
Unit Labour Cost in Manufacturing (%)	13.1	(4.7)
Unit Business Cost in Manufacturing (%)	10.4	(6.0)

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Outlook for 2010

- GDP Growth
 - 1st Quarter's figure is 15.5%
 - For 2010, MTI forecast 7% to 9%
- Tightening Labour Market
 - Employment grew by 34,000 (est) in 1st Quarter
 - Unemployment rate fell to 2.2% (overall) and 3.2% (resident)
- Inflation projected to be 2.5 to 3.5%

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NWC Guidelines for 2010/2011

- **Recovery strong and broad-based but**
 - **Downside risks in the global economy**
 - **Labour productivity has contracted in the last three years**
 - **Wages increases have exceeded productivity growth for 4 years**

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Wage Recommendations

- **Companies should grant sustainable wage increases to employees, taking into account company performance and prospects.**

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Wage Recommendations

- Companies have rolled back their wage restraint measures to varying degrees.
- For companies that have not done so, they should take this into account when deciding on wage increases.
- In situations where companies still face cost pressures, have yet to fully recover from the downturn, and where built-in wage increase may not be sustainable, they could instead grant employees variable payments.

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Wage Recommendations

- **In their wage negotiations, companies and unions should take into account the increase in employers' CPF contribution rate as such contributions are part of the overall wage package.**

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Wage Recommendations

- **Companies should continue to maintain and where possible, enhance flexibility in their wage structures, by building up the monthly variable component (MVC) from wage increases, and rewarding employees for their contributions through variable payments linked to performance and productivity.**

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Wage Recommendations

- **In granting wage increases, companies pay greater attention to low wage workers. For example, companies could include a dollar quantum for built-in wage increases and/or variable payments**

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Raise Productivity

- **Management must drive productivity measures and proactively look into enhancing productivity in their companies.**
- **Companies should reduce their reliance on low-skilled foreign manpower and take advantage of the various government initiatives, such as the Productivity and Innovation Credit and the National Productivity Fund, to raise productivity.**

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Productivity Gain-Sharing

- **Companies should also engage employees/unions in the process to seek their support in implementing productivity measures.**
- **Companies should share productivity gains with employees which could be in the form of productivity incentives or bonuses, so that they have a stake in the productivity improvement process. Companies are also encouraged to formulate appropriate, consistent and transparent Key Performance Indicators (KPIs), in consultation with unions/employees, that take into consideration employees' contributions to productivity gains and to reward employees accordingly.**

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Help Vulnerable Segments of the Workforce

- **We should continue to push ahead with initiatives to enhance the employability and incomes of vulnerable groups, including low wage, contract and casual workers, older workers and, women wanting to join or return to the workforce.**

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Older Employees and Women

- **NWC encourages companies in need of workers to look at employing and retaining older workers and encouraging more women to join the workforce.**
- **The NWC endorses the Tripartite Guidelines on Re-employment of Older Employees. The Council strongly urges companies to work with unions/employees to implement re-employment policies and systems as soon as possible by adopting the Guidelines, so as to be prepared for the implementation of the re-employment legislation in 2012.**

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Low Wage Workers

- **The NWC urges the tripartite partners to step up efforts to help low wage workers, including contract and casual workers, so that they can benefit from the enhanced Workfare Income Supplement (WIS) scheme and the Workfare Training Support (WTS) scheme which will be introduced from 1 July 2010. Employers and workers are also urged to tap on these schemes.**

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Application of NWC's Recommendations

- The NWC recommendations cover the period from 1 July 2010 to 30 June 2011.
- They are applicable to all employees – management, executives and rank-and-file employees, unionised and non-unionised companies in both the public and private sectors.
- To facilitate wage negotiation, companies should share relevant information on company performance and business prospects with employees and their representatives.

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Thank You!

Questions?

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