

**(Re-Run) Briefing on Revised MEM Guidelines, Update on SPUR Funding
& NWC Guidelines for 2009/2010**

Thursday, 11 June 2009

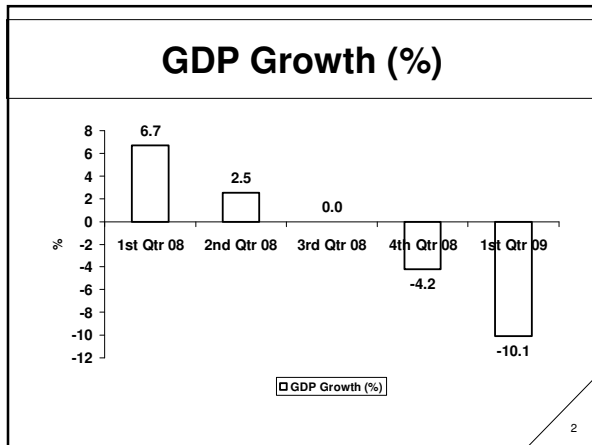
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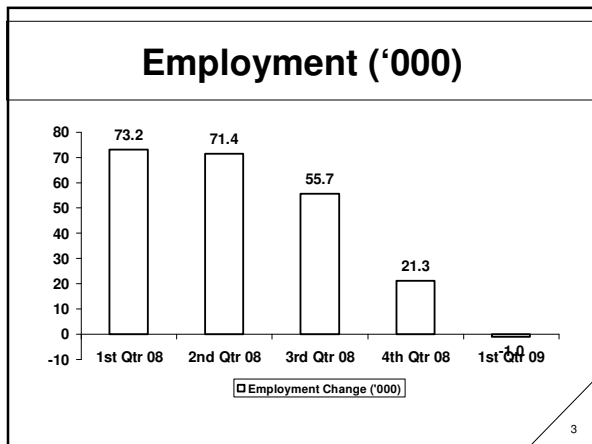
SNEF

**National Wages Council
Guidelines for 2009/2010**

11th June 2009
Mr Koh Juan Kiat
Executive Director
Singapore National Employers Federation

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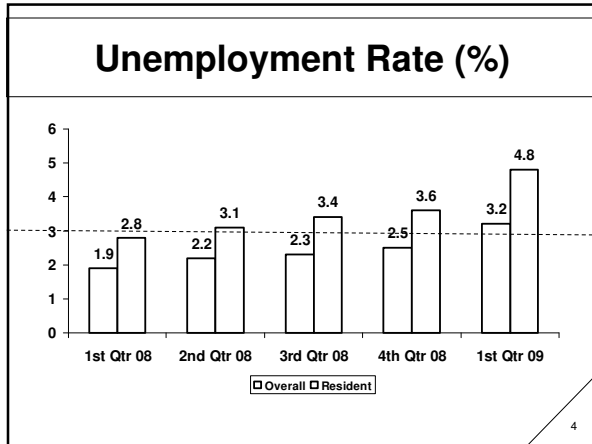


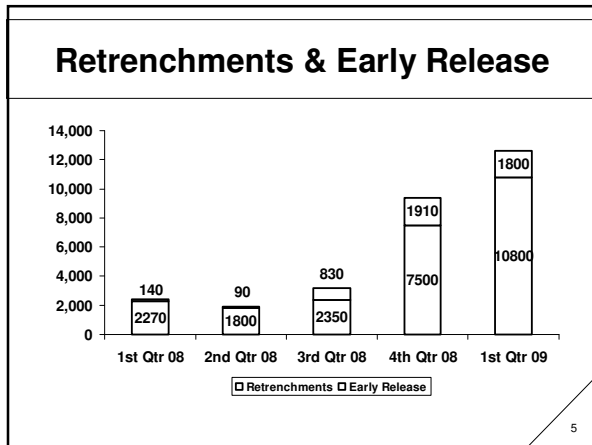


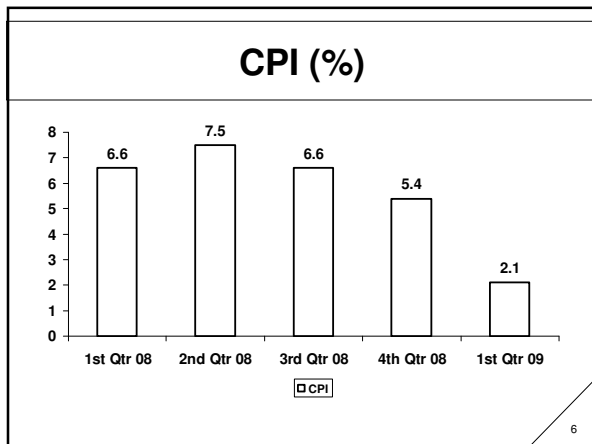
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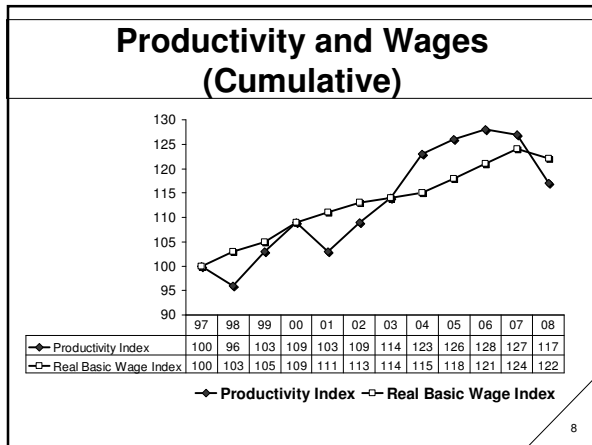


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Productivity and Wages in 2008		
	2007	2008
Productivity Growth (%)	(0.8)	(7.8)
Nominal Basic Wage Growth (%)	4.3	4.4
Real Basic Wage Growth (%)	2.2	(2.1)
Annual Variable Component (incl. AWS) (Months)	2.36	2.31



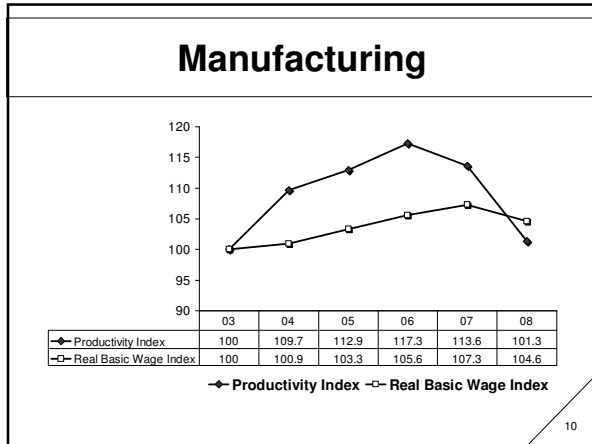
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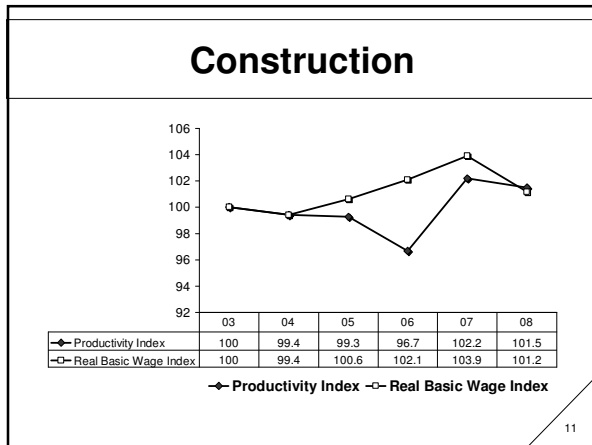
**Sectoral Productivity
Growth and Wage Growth**

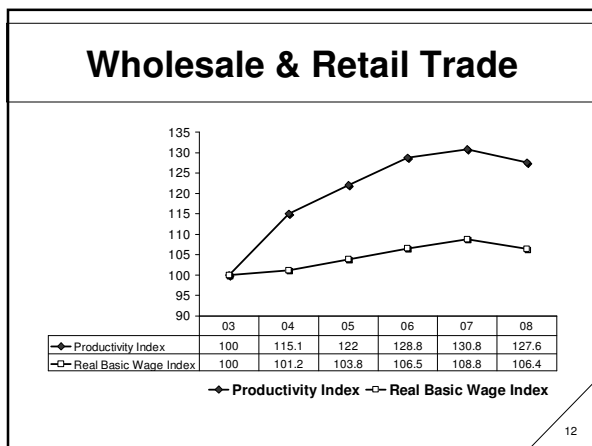
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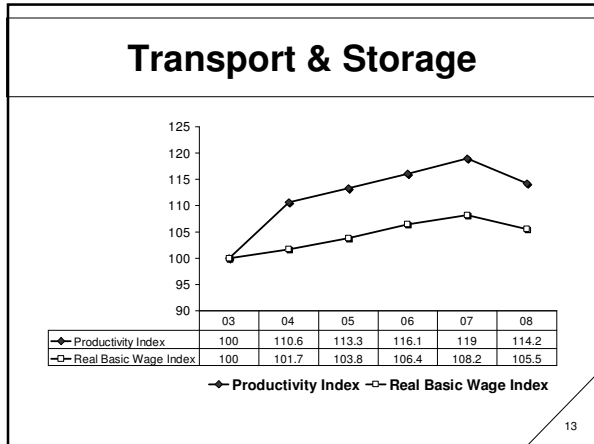


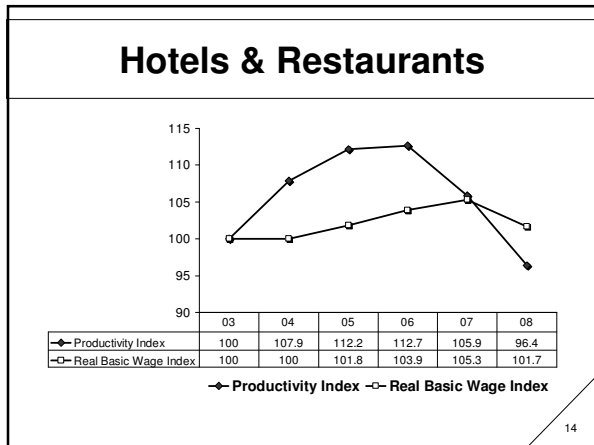


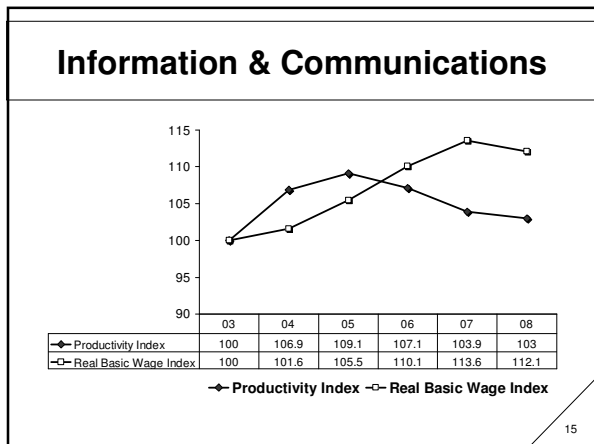
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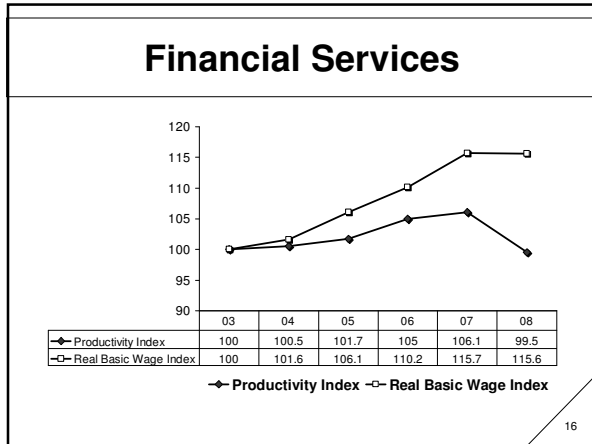


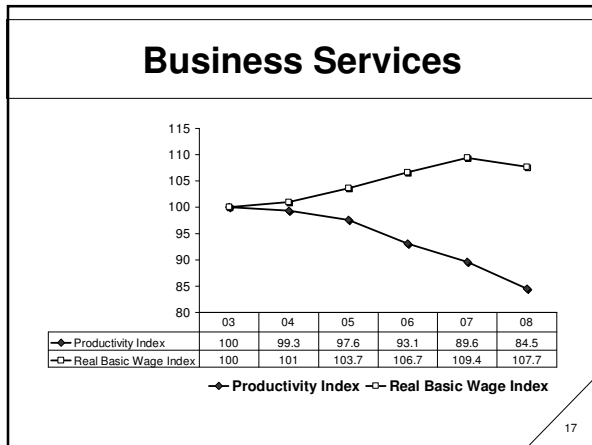


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Cost Competitiveness

	2007	2008
Unit Labour Cost of the Economy (%)	5.2	9.6
Unit Labour Cost in Manufacturing (%)	3.9	10.5
Unit Business Cost in Manufacturing (%)	2.5	9.4

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Global Economy	
GDP Growth (%) (Y-O-Y)	2009 Projection
World	(1.3)
US	(2.8)
European Union	(4.2)
Japan	(6.2)
China	6.5

Source: IMF 19

Outlook for 2009
<ul style="list-style-type: none">• GDP growth forecasted to be between minus 9.0% to minus 6.0%• CPI forecasted to be between -1.0% to 0.0% <i>(both released by MTI after revision in April 2009)</i>• Retrenchments and unemployment to be significantly higher than in 2008

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NWC Wage Guidelines for 2009/2010
<ul style="list-style-type: none">• The NWC therefore recommends that employers, unions and the government press on with concerted actions recommended in NWC's January 2009 guidelines to cut costs, save jobs and enhance competitiveness.

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NWC Guidelines for 2009/2010
<ul style="list-style-type: none">• This could be done through management leading by example in the following areas:<ul style="list-style-type: none">– Wage freeze or cut;– Implementation of other cost cutting measures and initiatives to cope with the downturn;– Enhancement of wage flexibility; and– Improvement in productivity
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Wage Freeze or Cut
<ul style="list-style-type: none">• The NWC strongly recommends that for companies whose business, profitability and/or prospects are affected by the economic downturn, they could, in consultation with their unions/workers, implement a wage freeze or wage cut in line with their performance and prospects, in order to help companies stay competitive and save jobs.
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Persist with “Cut Costs to Save Jobs”
<ul style="list-style-type: none">• Companies which perform well should reward their workers with moderate wage increases, preferably in the form of variable payment, so that their long-term cost competitiveness would not be affected.
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Implement other Cost Cutting Measures
<ul style="list-style-type: none">• The Council endorses the updated Tripartite Guidelines and strongly urges companies with excess manpower to implement the various recommended measures such as shorter work week, temporary layoffs, no pay-leave, and other work arrangements as alternatives to retrenchments. Workers should work together with employers to implement these measures so as to cut costs and save jobs.
<small>25</small>

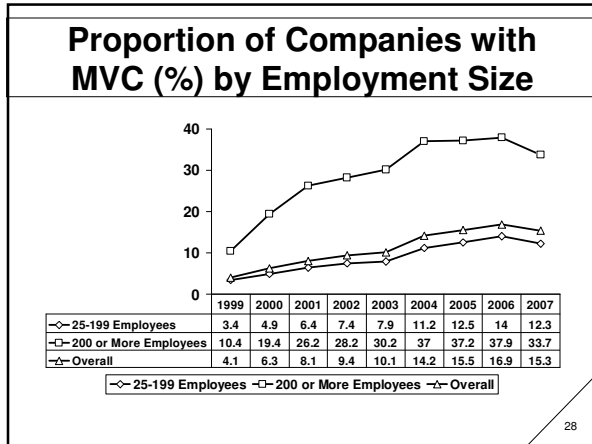
Implement other Cost Cutting Measures
<ul style="list-style-type: none">• In implementing such measures including wage freeze or cut, management is to lead by example.
<small>26</small>

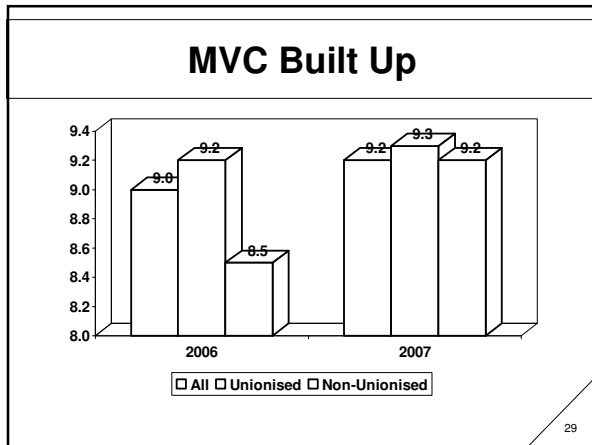
Enhance Wage Flexibility
<ul style="list-style-type: none">• Companies are encouraged to make use of components of the flexible wage system, including the Monthly Variable Component (MVC), to manage total wage cost.• The NWC endorses the recommendation in the MEM guidelines that companies could implement a cut in basic wages by introducing it as a reduction in MVC.
<small>27</small>

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Why Companies Did Not Wish to Implement MVC?

Companies in my industry have not implemented MVC in their wage structure	26.4%
Companies' wage structure is already flexible	17.1%
Introduction of MVC is not in line with HQ's wage structure	14.6%
Wage structure may be too complex	14.4%
Employees may not be receptive to the introduction of MVC	13.4%
Implementation and monitoring work are administratively burdensome	6.6%
Difficult to work out implementation guidelines	6.5%
Others	0.9%

Source: MOM

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Improve Productivity
<ul style="list-style-type: none">• The Council strongly urges companies to ride on this downturn to enhance their productivity, through innovation, best sourcing, service excellence and developing the workforce to be highly skilled, productive and flexible.
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Continue with Longer Term Initiatives
<ul style="list-style-type: none">• The NWC recommends that the tripartite partners work with employers and workers to continue to push ahead with initiatives such as enhancing the employability and employment of older workers, bringing more women back to work and enhancing efforts to help low wage, contract and informal workers.
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Prepare for Upturn
<ul style="list-style-type: none">• The Council urges companies to maximise the use of the current slack manpower conditions to improve the skills of their workforce.
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Application of NWC's Recommendations
<ul style="list-style-type: none">• The NWC recommendations cover the period from 1 July 2009 to 30 June 2010.• These recommendations 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. <p align="right">34</p>

Thank You!
Questions?

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