



SNEEF

Revised National Wages Council Guidelines for 2008/2009

16th January 2009

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Review of 2008

	2004	2005	2006	2007	2008 ^P
GDP Growth (%)	9.0	7.3	8.2	7.7	1.5
CPI (%)	1.7	0.5	1.0	2.1	6.0 – 7.0



Global Economy

- Major economies such as the US, Europe and Japan are already in recession
- World Bank predicts overall global GDP growth of 2.5% in 2008 and only 0.9% in 2009
- Companies are laying off huge numbers of workers globally

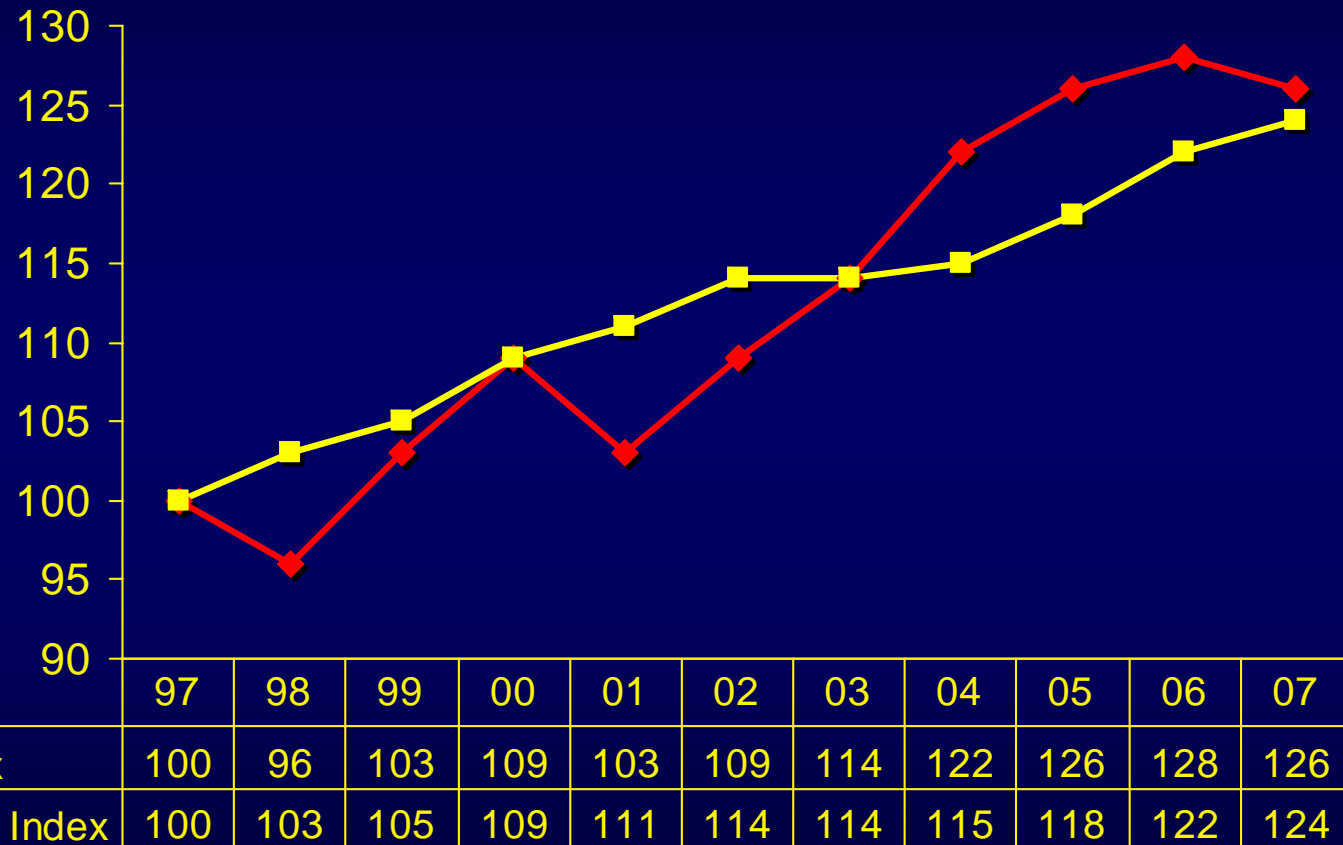
Review of 2008

	2004	2005	2006	2007	2008 (as at Sep 08)
Employment Growth ('000)	71.4	113.3	176.0	234.9	202.4
Unemployment Rate (%)	3.4	3.1	2.7	2.1	2.2
Resident Unemployment Rate (%)	4.4	4.1	3.6	3.0	3.3
Retrenchment	10,191	10,294	12,603	7,675	6,418

Productivity and Wages

	2004	2005	2006	2007	2008 ^P
Productivity Growth (%)	7.2	2.8	1.5	(0.9)	(6.6) (1 st nine months)
Nominal Basic Wage Growth (%)	2.7	3.1	3.6	4.3	N.A.
Real Basic Wage Growth (%)	1.0	2.6	2.6	2.2	N.A.
Annual Variable Component (incl. AWS) (Months)	1.87	2.06	2.18	2.36	N.A.

Productivity and Wages



◆ Productivity Index ■ Real Basic Wage Index

Cost Competitiveness

	2004	2005	2006	2007	2008 (1 st nine months)
Unit Labour Cost of the Economy (%)	(4.0)	0.5	0.5	3.8	11.4
Unit Labour Cost in Manufacturing (%)	(8.4)	(1.7)	(3.5)	2.6	13.3
Unit Business Cost in Manufacturing (%)	(3.4)	0.4	0.1	2.0	8.9

Economic Outlook

- GDP Growth 2009
 - Revised to Minus 2% to +1% in Jan 09
 - Initial forecast was minus 1% to +2% in Nov 08
- CPI projected to be 1 to 2% in 2009

Cut Costs to Save Jobs

- The NWC strongly recommends that companies adversely affected by the economic downturn, work with the unions and workers to reduce and manage total costs. They may, in consultation with their unions/workers, implement a wage freeze or wage cut commensurate with their performance and prospects, in order to help companies stay competitive and save jobs.

Cut Costs to Save Jobs

- In this regard, the NWC notes that most companies have over the years adopted flexible wage systems, which will allow them to make quick adjustments to their wage cost in response to changing business conditions. They should make use of the variable components in the wage structure, such as the annual variable component (AVC) and monthly variable component (MVC), to reduce their wage costs.

Cut Costs to Save Jobs

- For companies which are less affected by the downturn or continue to perform well, they should reward their workers with moderate wage increase. In view of the uncertain outlook in the short term, such increases should largely be in the form of variable payment, so that their long-term cost competitiveness would not be affected.

Cut Costs to Save Jobs

- As wage costs constitute only a part of the total cost of doing business in Singapore, the NWC urges that companies take measures to reduce non-wage costs. The NWC also urges the government to reduce business costs.

Cut Costs to Save Jobs

- The NWC strongly endorses both the Tripartite Guidelines on Managing Excess Manpower and SPUR as concrete and practical measures to help companies and workers. The NWC urges companies to adopt the Tripartite Guidelines on Managing Excess Manpower and tap on SPUR so that they could better cope with the downturn and position themselves to ride the economic recovery.

Cut Costs to Save Jobs

- Key measures of the Tripartite Guidelines on Managing Excess Manpower
 - Training
 - Leverage on the Skills Programme for Upgrading and Resilience (SPUR)
 - Train & upgrade your employees' skills
 - Flexi-Work
 - Re-deploy your surplus employees to alternative areas of work within your company
 - Implement shorter work week, temporary layoff, or other flexible work arrangements
 - Flexi-Wage
 - Adjust wage cost using the flexible wage system
 - Retrenchments as the last resort

Cut Costs to Save Jobs

- The NWC encourages workers to also take advantage of SPUR to upgrade their skills and enhance their employability. Workers should also be willing to accept measures to manage excess manpower in order to help companies save jobs. Unemployed workers should also take advantage of SPUR to upgrade themselves and be flexible in accepting new job opportunities.

Pressing Ahead with Long Term Initiatives

- Even as companies and workers focus their efforts on managing the challenges arising from the downturn, they should continue to press on with other key initiatives covered in the NWC guidelines issued in May 2008. These include enhancing the employability of older workers and women wanting to join or return to the workforce, enhancing efforts to help low wage, contract and informal workers as well as raising productivity.

Application of NWC's Recommendations

- The NWC revised guidelines will apply with immediate effect until 30 June 2009.
- The NWC 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.
- Share relevant information

Thank You!

Questions?