

HIGHLIGHTS OF NWC'S RECOMMENDATIONS

01 | WAGE INCREASES SHOULD BE FAIR AND SUSTAINABLE, AND BASED ON THE FLEXIBLE WAGE SYSTEM

Taking into account Singapore's sustained productivity growth over the longer term and improved economic outlook, **the NWC encourages employers to reward employees with wage increases that are fair, sustainable and share the gains from labour productivity improvements**: built-in wage increases should be given in line with firms' business prospects, while variable payments should reflect firms' performance and workers' contributions.

At the same time, near-term cost pressures faced by businesses and downside risks in the global economy underscore the need for wage flexibility. **The NWC therefore calls on all employers who have not yet done so to implement the Flexible Wage System (FWS) in full**, comprising both the Annual Variable Component (AVC) and Monthly Variable Component (MVC).



More details on the Flexible Wage System and how to implement it: <https://go.gov.sg/fwsguidebook>.

The NWC sets out the following wage guidelines¹ **for all employers**:

EMPLOYERS WHO HAVE DONE WELL:



Should reward their employees with built-in wage increases and variable payments (e.g. AVC/bonuses, one-off payments) commensurate with their the firm's performance and employees' contributions.



If business prospects are uncertain, employers should implement the FWS to reward their employees whilst retaining wage flexibility.

EMPLOYERS WHO HAVE NOT DONE WELL:



May exercise wage restraint with management leading by example.



Should make greater efforts to improve business processes and productivity, especially by investing in upskilling their employees.



If business prospects are uncertain, employers should implement the FWS to enhance resilience.

¹The guidelines apply to all employees – professionals, managers, executives, technicians, rank-and-file, in unionised and non-unionised firms, in both the public and private sectors. This includes the broad middle workers and also re-employed employees.

02

SUSTAINED WAGE GROWTH FOR LOWER-WAGE WORKERS

As part of our social compact, we must press on with our national effort to uplift lower-wage workers, so that every worker enjoys the fruits of Singapore's growth.

To this end, **the NWC recommends the following guidelines for lower-wage workers. These guidelines apply only to employees earning a gross monthly wage² of up to \$2,500:**

EMPLOYERS WHO HAVE DONE WELL AND HAVE POSITIVE BUSINESS PROSPECTS SHOULD:



Provide a built-in wage increase at **the higher end of 5.5 – 7.5%** of gross monthly wage, or a wage increase of **at least \$100 – \$120**, whichever is higher.

EMPLOYERS WHO HAVE DONE WELL BUT FACE UNCERTAIN BUSINESS PROSPECTS SHOULD:



Provide a built-in wage increase at **the middle to lower end of 5.5 – 7.5%** of gross monthly wage, or a wage increase of **at least \$100 – \$120**, whichever is higher.

EMPLOYERS WHO HAVE NOT DONE WELL SHOULD:



Provide a built-in wage increase at **the lower end of 5.5 – 7.5%** of gross monthly wage.



If business prospects improve, to consider further wage increases.

²Gross monthly wage includes basic monthly wage (comprising the monthly fixed component and the monthly variable component) and gross wage components such as allowances (including travel, food, housing), productivity incentive payments, and overtime payments, but excludes Annual Wage Supplement and bonuses (which are usually paid on an annual basis). Gross monthly wage includes employee CPF contribution, but excludes employer CPF contributions.

03

FORGING AHEAD WITH TRANSFORMING JOBS AND UPSKILLING THE WORKFORCE

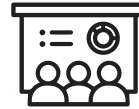
To ensure that wage growth is sustainable and continues to be supported by productivity growth, employers and employees both have a part to play in enterprise and workforce transformation.

The NWC calls on employers to sustain efforts to transform jobs and invest in their workforce, as well as for employees to take a proactive approach towards training and upskilling.

EMPLOYERS SHOULD:



Train employees for future jobs.



Build up capability to train employees.



Redesign jobs in tandem with business transformation to increase productivity.



Strengthen HR capabilities to support transformation.

EMPLOYEES SHOULD:



Take a proactive approach towards upskilling and reskilling to ensure that their knowledge and skillsets remain in demand in their sector and broader economy.

