

March 9, 2018

Due to the increasing number of professionals, managers and executives (PMEs) in the Singapore workforce, the Ministry of Manpower has made various changes to the Employment Act of Singapore (the Act) – most notably expanding coverage to PME's earning more than S\$4,500. These changes were mentioned in Parliament on 5 March 2018 and should come into effect by April 1 2019.

Below, we discuss the key changes and how they may affect employers and employees.

Key changes to the Employment Act

1. There will no longer be a salary cap of S\$4,500 per month for an employee to be afforded protection under the Act. This means that the Act will cover all workers, including PME's. Previously, employees who fell outside the ambit of the Act had to rely solely on their contractual provisions of employment.
 - Workers protected by the Act will soon enjoy various benefits, including:
 - A minimum 7 days' annual leave;
 - 11 paid public holidays;
 - 14 days of paid sick leave and 60 days of paid hospitalisation leave;
 - Maternity and childcare leave;
 - Redress for wrongful dismissal; and
 - Protection in relation to number of hours of work, and overtime pay.
2. **Jobs Bank** - From 1 July 2018, companies with at least 10 workers and looking to hire for jobs paying under S\$15,000 a month will need to advertise for such a position on Jobs Bank for at least 14 days before they can hire a foreigner. This is intended to give more Singaporeans a chance to apply for these jobs.
3. **Employment Claims Tribunal** – Wrongful dismissal claims will soon be heard by the Employment Claims Tribunal instead of the Ministry of Manpower. This will offer employers and employees a "one-stop service" as dismissal-related claims are often coupled with salary issues.

Implications for companies hiring foreign workers

The amendments to the Act also seek to tighten rules around hiring foreign workers. For example, the minimum qualifying salary to apply for an S-Pass for foreign mid-level skilled staff will be raised from S\$2,200 to S\$2,400. The hike will take place over two phases which are scheduled to take effect on 1 January 2019 and 1 January 2020.

The Government has also indicated that Employment Pass applications for foreign workers will be scrutinised more closely. Companies will be more closely monitored if they are assessed to:

1. Employ a high proportion of foreigners;
2. Not have plans to recruit and train more Singaporeans; and
3. Have a low contribution to the economy and society.

Going forward, such companies may find it harder to receive approvals for employment pass applications.

Foreigners currently make up about one third of Singapore's workforce, or about 1.1 million out of a total workforce of 3.4 million.

Conclusion

If you would like to explore further how these changes affect your business, hiring practices or existing employment agreements, please do not hesitate to reach out to the Dentons Rodyk employment law experts listed in this article.

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