

# EMPLOYMENT LAW UPDATE

7 April 2020

## RETAINING EMPLOYEES AND MANAGING MANPOWER DUE TO COVID-19 IN SINGAPORE

### INTRODUCTION

On 30 March 2020, the National Wages Council issued its 2020/2021 Guidelines calling on employers to sustain businesses and save jobs by considering the following (in order of priority):

- (a) reduce non-wage costs, and consider various measures to utilise and manage excess manpower;
- (b) tap on Government support to offset business and wages costs, and press on with business and workforce transformation;
- (c) trim wage costs;
- (d) if it is necessary to retrench workers as a last resort, ensure it is done in a responsible manner.

This update sets out the Government support, as at 6 April 2020, to help employers retain their local employees, and the measures that employers can consider to manage excess manpower due to the COVID-19 situation.

### JOBS SUPPORT SCHEME

The Jobs Support Scheme (“JSS”) was launched in Budget 2020 to provide wage support to help employers retain local employees.

On 26 March 2020, the scheme was enhanced in the Resilience Budget to include higher levels of support and for a longer duration. Under the Resilience Budget, the JSS co-funds 25% to 75% (depending on sector) of the first \$4,600 of gross monthly wages to each local employee (Singapore Citizens and Permanent Residents) on their Central Provident Fund payroll for a period of 9 months.

On 6 April 2020, it was announced in the Solidarity Budget that the Singapore Government will, for the month of April 2020, co-fund 75% of the first \$4,600 of monthly salaries for all local employees. From May 2020, the wage subsidy levels will return to what was announced under the Resilience Budget. It was also announced that the first JSS payout will be brought forward from May to April 2020. Employers will receive JSS payments in April, July and October 2020, covering wages paid in October to December 2019, February to April 2020, and May to July 2020, respectively.

Separately, there have been enhancements in Budget 2020 to the Wage Credit Scheme, which provides for co-funding of wage increases given to employees who are Singaporean citizens.

### MANAGING EXCESS MANPOWER

Updated in March 2020, the Tripartite Advisory on Managing Excess Manpower and Responsible Retrenchment (“**Advisory**”) urges employers to consider retrenchment only as the last resort and proposes a number of alternatives, including training and redeployment, flexible work schedule, shorter work week and temporary layoff.

#### (1) RETRAINING AND REDEPLOYMENT

Training and skills upgrading of employees continue to be a key strategy for managing excess manpower. Employers are also encouraged to consider whether excess manpower can be redeployed to alternative areas of work within the company, or outplacing affected employees to suitable jobs in other companies.

Employers can tap on training support schemes under the SkillsFuture movement, redeployment programmes under the Adapt and Grow initiative,

and other government grants in the Stabilisation and Support Package as part of Budget 2020.

**(2) FLEXIBLE WORK SCHEDULE**

Employers can optimise the use of manpower resources by implementing a Flexible Work Schedule, while employees can be assured of their monthly income. In such an arrangement, employers and employees agree to reduce weekly working hours and create a “timebank” of unused working hours that can be used to offset an increase in working hours in subsequent periods.

Employers that wish to implement a Flexible Work Schedule must apply to the Commissioner for Labour and must meet certain requirements, including obtaining majority support from affected employees (or consent from unions, if applicable), and putting in place profit sharing or incentive scheme for participating employees. If the application is approved, the employer may be exempted or pay a different rate from the prescribed rate for overtime, rest day or public holiday work.

**(3) FLEXIBLE WORK ARRANGEMENTS**

Employers may also consider flexible work arrangements, such as part-time work and job-sharing. In making these arrangements, employers should adopt the Tripartite Standard on Flexible Work Arrangements and be guided by the Tripartite Advisory on Flexible Work Arrangements.

The Work-Life Grant provides incentives for employers to support employees who regularly adopt flexible work arrangements and job sharing arrangements.

**(4) SHORTER WORK WEEK**

Employers wishing to implement a reduction in work week must ensure that this does not exceed 3 days in a week and does not last for more than 3 months at any one instance subject to review. A maximum reduction of 3 days should only be implemented if the company’s performance is severely affected.

In implementing a shorter work week, employers must pay the affected employees not less than

50% of their wages on the days(s) when the employees are not working and may request that employees take up to 50% of their earned annual leave.

**(5) TEMPORARY LAYOFF**

Employers may consider asking employees to stop coming to work for a short period. However, employers must pay the affected employees at least 50% of their gross salary during the temporary layoff period and the layoff period cannot exceed one month at any one instance subject to review. Employers may also request employees to take up to 50% of their earned annual leave.

**(6) DIRECT ADJUSTMENTS TO WAGES**

Before implementing any direct adjustments to wages, the Advisory encourages employers to engage and seek the consent of unions and employees. It also suggests that employers with a flexible wage system in place may consider adjusting wage components such as annual wage increment, variable bonus payment, Annual Wage Supplement, monthly variable component and/or other allowances.

**(7) NO-PAY LEAVE**

For employers considering putting employees on no-pay leave, the Advisory advises that employers should consider if there are other cost-saving measures that can be implemented and should consult their unions and employees.

The Advisory also states that employers should recognise the impact on rank-and-file employees in determining the extent and duration of the measure, and that senior management should lead by example, such as accepting earlier and/or deeper cuts in cost-saving measures.

**(8) SECOND JOB ARRANGEMENTS**

Employers are encouraged to support employees who are interested to take on part-time or temporary work for another employer. This is particularly the case where the livelihoods of employees have been affected by cost-saving

measures like job-sharing arrangements, short work week, temporary layoffs or no-pay leave.

In supporting second job arrangements, employers have been encouraged to waive contractual prohibitions against taking on a second job and to consider if there are ways to resolve conflicts of interest where possible, particularly where cost-saving measures that reduce work hours and salaries have been put in place. The Ministry of Manpower has prepared a Guide on second job arrangements for employees with reduced work hours in response to COVID-19, which is available on its [website](#).

### **(9) RESPONSIBLE RETRENCHMENT**

If it is necessary to retrench workers as a last resort, employers should ensure it is done in a responsible manner and adhere to the guidance in the Advisory.

### **(10) CONSULTATION AND AGREEMENT**

Employers should consult and reach agreement with employees (and, where applicable, unions) before implementing measures that would affect the employees' remuneration and the character of their employment, as failure to do so may expose employers to claims.

### **MANDATORY REPORTING OF COST-SAVING MEASURES**

The Ministry of Manpower has announced that, from 12 March 2020, employers must notify the Ministry within 1 week of implementing any cost-saving measures that affect employees' salaries (excluding adjustments to discretionary payments such as bonuses and increments). This applies to employers that are registered in Singapore and have at least 10 employees.

### **COMMENTS**

With the unprecedented measures recently put in place to contain the spread of COVID-19 in Singapore, workers and businesses are expected to be impacted severely. Employers should consider the Government support that is being offered to help them to be fair and responsible in

making adjustments to work arrangements and adopting other cost-saving measures.

---

*The content of this article does not constitute legal advice and should not be relied on as such. Specific advice should be sought about your specific circumstances. Copyright in this publication is owned by Drew & Napier LLC. This publication may not be reproduced or transmitted in any form or by any means, in whole or in part, without prior written approval.*

If you have any questions or comments on this article, please contact:



**Kelvin Tan**  
Director, Dispute Resolution  
T: +65 6531 2526  
E: kelvin.tan@drewnapier.com

[Click here](#) to view Kelvin's profile

**Desmond Chng**  
Senior Associate, Dispute Resolution  
T: +65 6531 2450  
E: Desmond.Chng@drewnapier.com

[Click here](#) to learn about our **Employment Practice**

Drew & Napier LLC  
10 Collyer Quay  
#10-01 Ocean Financial Centre  
Singapore 049315

[www.drewnapier.com](http://www.drewnapier.com)

T : +65 6535 0733  
T : +65 9726 0573 (After Hours)  
F : +65 6535 4906