

## NWC: Sustainable Wage Increases, Continuous Productivity Improvements



From left: SNEF President Stephen Lee, NTUC President John De Payva, NTUC Secretary-General Lim Swee Say and Manpower Minister Gan Kim Yong at this year's May Day Rally.

### About NWC

The NWC is a tripartite body comprising representatives from the three social partners – the employers, the trade unions and the Government.

The Council meets every year to deliberate and forge national consensus on wage and wage-related matters. It issues guidelines on these matters every year based on the tripartite consensus reached during the deliberations.

“To be able to respond to the crisis in this way, it is not just having good economists or good staff or capable union leaders who can work out plans and work out schemes on what to do. It is because there is mutual trust between the Government, between the workers and the unions and the employers and they know one another.”

Prime Minister Lee Hsien Loong at the 2010 May Day Rally.

The National Wages Council (NWC) announced at the release of the NWC Guidelines 2010/2011 on 25 May 2010 that with a strong and broad-based economic recovery this year, employees can look forward to wage increases.

NWC Chairman Professor Lim Pin said: “The key thrust of this year’s recommendations is that the tripartite partners have to work very hard to do their utmost to ensure that we raise productivity in order that the wage increases that we now recommend can be sustained.”

Singapore National Employers Federation President Stephen Lee emphasised the need to continue making the wage structure more flexible, and said that for any wage increases “we are quite mindful to base it on productivity so that it becomes more sustainable.”

NTUC Assistant Secretary-General Ong Ye Kung said: “For two years we had

a deduction in real wage growth. For this year, there is broad-based economic growth, very healthy prospects for the rest of the year, and workers can look forward to real wage growth this year.”

### Some Key Recommendations:

- Companies should grant sustainable wage increases to employees, taking into account company performance and prospects.
- In their wage negotiations, companies and unions should take into account the increase in employers’ CPF contribution rate as such contributions are part of the overall wage package.
- Companies should continue to maintain and where possible, enhance flexibility in their wage structures, by building up the Monthly Variable Component (MVC) from wage increases, and rewarding employees for their contributions through variable payments linked to performance and productivity.
- In granting wage increases, companies should pay greater attention to low wage workers. For example, companies could include a dollar quantum for built-in wage increases and/or variable payments.
- The tripartite partners should work closely together to raise productivity.

## Singapore Shares Tripartite Downturn Response At The ILO

Singapore shared its tripartite experience in managing the 2008-2009 downturn at a side event at the recently concluded 99th session of the International Labour Conference held in Geneva, Switzerland, from 2-18 June 2010. NTUC Secretary-General Lim Swee Say gave a presentation on behalf of the Singapore delegation on Singapore’s tripartite response to the downturn. Manpower Minister Gan Kim Yong and SNEF President Stephen Lee also represented Singapore at the event.

The event was well-attended by over 100 delegates. Two other countries that also shared their experiences at the event were Belgium and Barbados.

In his presentation, SG Lim shared that the tripartite partners agreed early on the priorities in managing the downturn. The priorities were to avoid massive retrenchments, prevent rapid rise in unemployment and upgrade for global recovery. Measures introduced to support these priorities included the \$4.5 billion Jobs

Credit Scheme to encourage employers to preserve jobs, and the Skills Programme for Upgrading and Resilience (SPUR) to encourage employers to send their employees for skills upgrading.

During the dialogue session, Mr Lee explained how SPUR works. He shared that employers often complain that they have no hours to train their employees when business is good, and that they have no dollars to train their employees during a downturn. SPUR provides funding assistance to employers to send their excess manpower for training during the downturn to prepare for the recovery.

Minister Gan acknowledged that some measures, such as wage cuts, were difficult and painful for employees and employers. These measures could be implemented because tripartite partners were able to carry the ground due to mutual trust, shared vision and common interests that the partners had established over the past decades.

# Tripartite HR WSQ In IR Launched

**THE INAUGURAL HR WSQ** in Industrial Relations programme was launched on 7 July 2010. The IR courses support the efforts of the Singapore Tripartism Forum partners - the Ministry of Manpower (MOM), NTUC and the Singapore National Employers Federation (SNEF) - to institutionalise tripartism and good industrial relations practices in Singapore.

Ong Teng Cheong Labour Leadership Institute (OTCi) Director S Thiagarajan said: "I am pleased to share that OTCi will be the first to offer such IR courses under the HR WSQ. This initiative will contribute to the overall efforts to professionalise and raise the standards of human resource practice in Singapore."

**"The significance is that this is a first HR WSQ (IR) programme and it is also a tripartite venture. It is very meaningful as it is drawn from MOM, SNEF and NTUC."**

Toh Hong Seng, SNEF Deputy Director (IR Consulting Group 3)

**"The launch of the HR WSQ (IR) programme is timely. The course will help strengthen the capabilities of HR practitioners, especially those in SMEs where HR practices are weak. The IR module will support good labour relations under the tripartite framework. I would urge SMEs to sign up for the course."**

Tan Jing Koon, MOM Senior Deputy Director, Labour Relations & Workplaces Division

**"WDA is pleased to partner OTCi for the roll out of the HR WSQ (IR). We believe that these programmes will greatly benefit HR professionals specialising in this area, as they can further deepen their technical competencies in IR to complement the tripartite movement".**

Azzi Jamain, Singapore Workforce Development Agency Director, Creative & Professional Services

**"These four IR modules under the HR WSQ certification will be valuable. They cover both strategic and tactical areas, and will provide a foundation upon which to grow and strengthen this most intangible yet critical strength of our economy."**

NTUC Deputy Secretary-General Heng Chee How



## Motivated Tetra Pak Workers Up Productivity

**LABOUR PRODUCTIVITY GREW** 26 per cent over the past three years at Tetra Pak Jurong (TPJ). It has a workforce that thrives on challenges and is willing to take on difficult and niche jobs to produce more without compromising quality. The workers are confident of their skills, and management provides clear direction and incentives which help workers share in their ambition of being the best.

### TPJ Productivity Achievements

- About three years ago, TPJ produced an average of 750 million carton packages a month.
- TPJ had never been able to cross the one billion mark in its 28-year history in Singapore.
- Top management decided to get workers to share in their ambition to achieve a breakthrough.
- Giving workers a say, a key aspect of the concept of World Class Manufacturing used in Tetra Pak factories worldwide to improve productivity, has been excellent for TPJ.
- It now routinely produces more than one billion packs per month. In March 2010, TPJ produced an unprecedented 1.3 billion carton packages for the Southeast Asia market.
- This makes TPJ a star performer and the biggest producer for the Swedish multinational company with a presence in more than 170 countries.

**SNEF WILL COMMEMORATE** its 30th Anniversary by hosting a CEO and Employers Summit at RWS on 28 & 29 July 2010. Over 700 employer reps have registered for this event. For more info, please contact SNEF at [mrevent@snef.org.sg](mailto:mrevent@snef.org.sg) or 6827-6955.

## Suzhou Delegation Impressed By Singapore Tripartism

**SINGAPORE HOSTED 21** senior executives from the PRC under a software transfer programme between the Singapore Ministry of Trade and Industry and Suzhou Industrial Park Administrative Committee (SIPAC).

The programme, 7th in the series of annual visits, was held from 10 to 19 May 2010. The focus of this run was on Manpower Resource Management, comprising briefings on the respective roles of the tripartite partners in fostering harmonious industrial relations in Singapore.

The visitors were also briefed by the Ministry of Manpower, Workforce



Suzhou delegates engaging in a discussion at MOM.

Development Agency, National Trades Union Congress and the Singapore National Employers Federation on the measures taken by the tripartite partners to tackle the recent downturn. The delegates were impressed by the swift action taken by the tripartite partners in introducing measures such as the Skills Programme for Upgrading and Resilience (SPUR), Jobs Credit and Managing Excess Manpower guidelines to save jobs for the workers.

Mr Kang Yue, leader of the Suzhou delegation, says of their visit to Singapore:

**"We are impressed by the Singapore's tripartite framework in promoting economic growth and the well being of the workers. Suzhou can learn from Singapore's experience."**



At Mitsui Electronics Asia (MEA) the visitors heard how these measures had helped to trim costs to stay viable during the downturn. At NTUC Fairprice they learnt how the labour movement achieved its social objective by holding down the prices of basic staple food items, such as rice and oil to moderate the cost of living.

To find out more on Tripartite initiatives and free subscription of this e-newsletter, please visit the Singapore Tripartism Forum website at <http://www.tripartism.sg>

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