Good Morning

Brother Chen Hao, Vice-Chairman and First Secretary of the All-China Federation of Trade Unions; and Brother Jiang Guanping, Vice-Chairman and National Secretary of the All-China Federation of Trade Unions

Thank you for inviting the Singapore National Trades Union Congress to participate in this international forum.

Fellow trade union leaders from the international fraternity,

Introduction

In its latest World of Work Report 2014 – Developing with Jobs, the International Labour Organisation (ILO) noted that countries that invested the most in quality jobs from the early 2000s grew nearly one percentage point faster every year since 2007 than other developing and emerging economies. This helped cushion the impact of the global financial crisis which erupted in 2008. The report also noted that investment in high quality jobs tended to be associated with lower income inequalities.

However, the report noted huge challenges persist. Rising youth unemployment, including among new graduates, stubbornly high informal employment and significant income inequalities require urgent policy attention.

The ILO also reported that global unemployment stood at just under 200 million in 2013, and is expected to rise by 3.2 million in 2014. By 2019, given current trends and policies, global unemployment is projected to reach 213 million. Global joblessness is projected to remain broadly at the current level of 6% until 2017.

Economic Restructuring through Productivity Improvement and Sharing of Gains

Given this global context, Singapore has done relatively well post-2008/09. Unemployment hit a high of 3% in 2009 and has averaged about 2% from 2010 – 2013. The median gross monthly income has also increased steadily from S$2,600 in 2009 to about S$3,200 by 2013.
If we included employers’ contributions to the individual workers’ Central Provident Fund (CPF - 中央公积金), the median gross monthly income increased from about S$2,900 in 2009 to about S$3,700. Real wages have also been rising, hitting a high of 4% in 2013, after taking into account employers’ CPF contributions.

Moving forward, the tripartite partners, i.e. the government, the unions, and the employers, recognised the need for our economy to restructure to meet new challenges, both global and domestic. Globally, the advanced economies are becoming more cost-competitive while developing economies are moving up the value-chain. Domestically, our economy is maturing and we have to slow down the pace of adding more migrant manpower to a more sustainable pace. To enable our GDP to grow on average by 3% to 5% per year over the next decade (2010 – 2020), Singapore would need to achieve higher productivity growth of 2% to 3% per year. Increased productivity is not achieved merely through increased efficiency, but restructuring our economy to provide more room for rapidly growing and innovative enterprises.

To support the economic restructuring, the Singapore labour movement launched the government funded S$30 million-Inclusive Growth Programme (IGP - 增长与同惠计划) to drive productivity improvements in 2010. Administered by the SNTUC’s Employment and Employability Institute (e2i - 就业与职能培训中心), the key target was to benefit low wage workers across 12 sectors¹ over 2 years, by uplifting their skills, pay and lives.

Under IGP, participating companies would receive various grants to support deployment of productivity-enhancing technology and equipment, and training directly relevant to productivity improvement. Participating companies also have to undertake to share the productivity gains with their workers.

By end-2012, some 33,000 low wage workers have benefited under IGP, enjoying, on average, a basic pay increase of 10% through sharing of productivity gains.

Encouraged by this success, the government provided an additional S$70 million budget in 2012 for e2i to help an additional 70,000 workers over a 3-year period.

¹ Construction; Retail; Food & Beverages; Hotels, Infocom, Media, Design; Healthcare; Logistics; Electronics and Precision Engineering; General Manufacturing; Transport Engineering; Administration & Support Services; Port Services; and Private Security
Helping Workers through Progress Wage Model

We also recognised the need for targeted help for low wage workers in specific industries where they are heavily concentrated. Many of them are in the outsourced service industries like cleaning and private security. They face special challenges as their conditions of employment are often not determined by their employers, but by the people or companies who buy services from these employers. The threat of “race to the bottom” is very real for these low wage workers as their employers could end up in a vicious cycle of holding down wages in order to win outsourcing contract.

The Singapore labour movement introduced the concept of Progressive Wage Model in 2012 to help low wage workers climb the four ladders of skills upgrading, productivity improvement, career advancement and wage progression. Tripartite industrial clusters were formed to engage the social partners in implementing PWM.

Arising from the work of the Tripartite Cluster for Cleaners, the government introduced a licensing framework for all cleaning businesses in Singapore with effect from 1 April 2014. All licensed cleaning companies are required to have mandatory written employment contracts, provide training and implement PWM in order to ensure that local cleaners receive wages that were commensurate with their skills, training and productivity. An estimated 52,000 local cleaners would benefit from these requirements, including enjoying a higher starting entry-level basic wage of between S$1,000 and S$1,200. The next industry we are making good progress is the private security sector.

The PWM works not just for low wage workers. It could also be applied to Professionals, Managers, and Executives (PMEs). For example, in the case of the unionised company, Singapore Power (新能源), a structured path for Technicians was developed so that he can progress to Senior Technician, and thereafter to Technical Officer, Senior Technical Officer and to an Engineer which earns as much as S$7,000 per month.

Conclusion

As the global economy evolves, so must national policies. Economic reforms and restructuring are inevitable. The pains from economic restructuring have to be minimised for workers and their families, while the gains fairly shared. Trade unions are critical players in
this aspect, whether through working with social partners, or through lobbying their governments to adopt pro-worker policies.