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UPDATES TO WORK PERMIT REQUIREMENTS IN THE CONSTRUCTION SECTOR AND PROCESS SECTOR

The Ministry of Manpower has been taking steps to assist the construction and process sectors to become more productive and manpower lean. Three key changes have been implemented, with effect from 1 January 2024.

To incentivise companies in the construction and process sectors to hire higher-skilled foreign workers, the Ministry of Manpower implemented three key changes which took effect from 1 January 2024.

(i) Revision of Levy Rates and Levy Structure

The levy rates and levy structure for Work Permit Holders in the construction and process sectors have been revised. The levy rates for higher-skilled workers continue to be lower than the rates for basic-skilled workers, to incentivise companies to employ more skilled and productive workers. The levy rates for non-NTS workers are also lower than the rates for NTS workers, to encourage companies to diversify their workforce by hiring non-NTS workers.

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The revisions are as follows:

Construction Sector		
Source country or region / Tier	Monthly	Daily
Non-Traditional Sources ("NTS")* – Higher-skilled	S\$500	S\$16.44
NTS* – Basic-skilled	S\$900	S\$29.59
Malaysia, North Asian Sources**, People's Republic of China ("PRC") – Higher-skilled	S\$300	S\$9.87
Malaysia, North Asian Sources**, PRC – Basic-skilled	S\$700	S\$23.02
Off-site Construction – Higher-skilled	S\$250	S\$8.22
Off-site Construction – Basic-skilled	S\$370	S\$12.17

Process Sector		
Source country or region / Tier	Monthly	Daily
NTS* – Higher-skilled	S\$300	S\$9.87
NTS* – Basic-skilled	S\$650	S\$21.37
Malaysia, North Asian Sources**, PRC – Higher-skilled	S\$200	S\$9.87
Malaysia, North Asian Sources, PRC – Basic-skilled	S\$450	S\$14.79

*Non-Traditional Sources: India, Sri Lanka, Thailand, Bangladesh, Myanmar, Philippines

**North Asian Sources: Hong Kong (HKSAR passport), Macau, South Korea, Taiwan

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(ii) Reduction of Dependency Ratio Ceiling

The Dependency Ratio Ceiling refers to the maximum ratio of foreign workers to the total workforce of a company. This ratio has been reduced to 83.3% for the construction and process sectors, meaning that companies in these sectors can hire up to five Work Permit and S Pass holders for every local employee.

(iii) Phasing out of the Man-year Entitlement ("MYE") Quota Framework

The MYE Quota Framework required contractors to apply for MYE to hire NTS or PRC workers based on the value of their projects or contracts awarded. This framework will now be phased out. Companies with project contracts awarded or tenders called on or before 18 February 2022 can continue using their awarded MYE quotas until 31 December 2024 or the project completion date, whichever is earlier, to hire workers at a lower levy rate. For contracts awarded or tenders called after 18 February 2022, MYEs or prior approval to hire NTS or PRC workers is no longer required, provided that companies hire within their foreign employee quota.

INCREASED PATERNITY LEAVE AND UNPAID INFANT CARE LEAVE

The amendments to the Child Development Co-Savings Act 2001 came into effect on 1 January 2024. The key amendments are as follows:

- Government-paid paternity leave for eligible fathers has been doubled from 2 weeks to 4 weeks per year. This increase in paternity leave may be granted by employers voluntarily, and will be reimbursed by the government; and
- Unpaid infant care leave for children below the age of 2 has been doubled from 6 to 12 days per year.

This is subject to the usual eligibility requirements, such as the child being a Singapore citizen, the parents of the child being lawfully married between conception and birth of the child, and the parent having served the employer for a continuous period of at least 3 months before the birth of the child.

PROGRESSIVE WAGE MODEL ("PWM") FOR THE SECURITY SECTOR

The PWM aims to assist lower-wage workers to have sustainable wage increases by upgrading skills and increasing productivity. The PWM is mandatory for the security sector. A summary of PWM baseline gross wages for in-house security officers and outsourced security officers is provided below.

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In-House Security Officers

PWM baseline gross wages (excluding overtime pay) for Singapore citizens and permanent residents working as in-house security officers:

Role	From 1 January 2024	From 1 January 2025
Senior Security Supervisor	Left to market forces	
Security Supervisor	S\$2,605	S\$2,745
Senior Security Officer	S\$2,375	S\$2,515
Security Officer	S\$2,175	S\$2,315

Outsourced Security Officers

From 1 January 2024, the PWM baseline wages for outsourced security officers will be at least S\$2,650 (including overtime). Outsourced security officers will therefore no longer be considered Part 4 employees under the Employment Act 1968, as their monthly basic wage is above the threshold of S\$2,600. However, the number of hours of overtime that outsourced security officers may work will continue to be limited to 72 hours per month under the Police Licensing and Regulatory Department's licensing conditions.

INCREASE IN CENTRAL PROVIDENT FUND (“CPF”) CEILING

The CPF is a mandatory social security savings scheme in Singapore. Both employers and employees are required to the employee's CPF account at a specified rate. The ordinary wage ceiling refers to the maximum portion of an employee's monthly wage that attracts mandatory CPF contributions.

In February 2023, the government announced that the CPF ordinary wage ceiling will be gradually increased from S\$6,000 to S\$8,000 by 2026. With effect from 1 January 2024, the ceiling has been increased from S\$6,300 to S\$6,800.

ABOUT GATEWAY LAW CORPORATION:

Gateway Law is an Asia-Pacific regional full service legal practice with strengths in the areas of intellectual property, franchising, technology, media (and entertainment), telecommunications, data protection and cybersecurity as well as employment and immigration. In addition to our niche areas, Gateway also provides services in the general areas of litigation and dispute resolution, corporate and commercial law, real estate conveyancing and advisory, medical and family law.

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