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HIGHER COMPENSATION LIMITS UNDER THE WORK INJURY COMPENSATION ACT

The Ministry of Manpower (“MOM”) announced that the compensation limits in the Work Injury Compensation Act (“WICA”) will be raised to keep pace with wage growth and rising healthcare costs. The new limits will take effect from 1 November 2025.

The revised compensation limits in the WICA are set out in the table below:

Type	Limits	Current Limits	New Limits
Death	Maximum	S\$225,000	S\$269,000
	Minimum	S\$76,000	S\$91,000
Permanent Incapacity*	Maximum	S\$289,000	S\$346,000
	Minimum	S\$97,000	S\$116,000
Medical Expenses		S\$45,000 or medical expenses incurred up to 1 year from the date of the accident, whichever is reached first	S\$53,000 or medical expenses incurred up to 1 year from the date of the accident, whichever is reached first

**Note: the maximum limits apply only for total Permanent Incapacity cases. If the Permanent Incapacity is lower than 100%, the minimum and maximum compensation sums will be prorated.*

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TRIPARTITE PARTNERS TO ISSUE GUIDELINES ON RESTRICTIVE COVENANTS

The Tripartite Partners, consisting of the MOM, National Trades Union Congress and Singapore National Employers Federation, are in the process of developing guidelines on restrictive covenants in employment contracts. It is anticipated that these guidelines will be released in the second half of 2024.

NEW CASE ON RESTRICTIVE COVENANT CLAUSES IN EMPLOYMENT CONTRACTS

In *Shopee Singapore Pte Ltd v Lim Teck Yong* [2024] SGHC 29, the Singapore High Court demonstrated the difficulties in enforcing restrictive covenants in Singapore.

The High Court was asked to grant an interim injunction restraining Mr Lim, a former employee of Shopee, from soliciting Shopee's clients and employees, and in the alternative, from working with any of Shopee's competitors. Mr Lim had previously held the role of Executive Director, Head of Operations for Shopee Brazil. At the time of the trial, Mr Lim had started work with ByteDance with the title "Leader for TikTok Shop Governance and Experience, Middle Platform".

Shopee argued that Mr Lim's position in ByteDance is "substantially similar" to the one he held in Shopee, and sought an injunction to restrain Mr Lim from accepting employment with ByteDance and soliciting Shopee's clients and employees. Mr Lim argued his current position primarily plays a "supporting role" in the key markets in which TikTok Shop operates (i.e. US, UK and Southeast Asia), including "assisting with conducting data analysis and root cause analysis to enhance operational metrics", and that his current role is different from his previous one, which was geographically confined to Brazil. TikTok Shop does not currently operate in Brazil.

The Court held that, in relation to the non-competition restriction, there were "serious doubts" about its validity as there was a "lack of legitimate proprietary interest" being protected. Further, the Court had cast doubt on whether having the geographical restraint of the non-competition clause extend to "markets in relation to which Lim did not have any duties or have any specific information about" would be reasonable. In relation to the non-solicitation restriction, the Court held that Shopee failed to show that Mr Lim was about to breach that restriction and hence Shopee did not show that there was a serious question to be tried.

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This case reinforces the difficulties with enforcing restrictive covenants in Singapore, with the Court taking the position that such clauses, “particularly those in the context of employment, are prima facie void and unenforceable”. The party seeking to enforce such a clause must show that: (i) it protects a legitimate proprietary interest of the employer; and (ii) it is reasonable in the interests of the parties and in the public interest.

LAZADA’S RETRENCHMENT EXERCISE

Lazada Singapore conducted a retrenchment exercise in early January and decided on the retrenchment terms, including payout, without notifying or consulting with the Food, Drinks and Allied Workers Union (“FDAWU”). The MOM intervened to inform Lazada that their actions were not in line with the Tripartite Advisory on Managing Excess Manpower, which sets out guidelines for employers on how to conduct retrenchment exercises responsibly. The MOM facilitated amicable settlement between Lazada and FDAWU, and the parties agreed on an improved retrenchment package for the affected employees.

This incident illustrates the importance of adhering to Tripartite Advisories and that the MOM will not hesitate to step in to correct any missteps by employers. Employers should therefore ensure that they remain up to date with advisories, guidelines and publications by the Tripartite Partners.

LABOUR MARKET ADVANCE RELEASE FOURTH QUARTER 2023

The MOM released their Labour Market Advance Release for the Fourth Quarter of 2023 on 31 January 2024.

We now set out some of the key findings of the release:

- Total employment expanded for the ninth consecutive quarter, albeit at a slower rate compared to previous quarters;
- Unemployment rates remained unchanged in December 2023;
- Retrenchments decreased compared to the previous quarter and unemployment rates remained stable.

The full report may be accessed at this link: https://stats.mom.gov.sg/iMAS_PdfLibrary/mrsd-LMAR-Q4-2023.pdf

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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