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LABOUR MARKET REPORT FOR THE SECOND QUARTER OF 2026

The Ministry of Manpower (“**MOM**”) released the advance estimates for Singapore’s labour market performance for the second quarter of 2026.

The key findings are set out below:

- a. Total employment increased by 10,700 in the second quarter of 2026, marking the nineteenth (19th) consecutive quarter of employment growth since the fourth quarter of 2021. Resident employment continued to grow, mainly in essential and public services, while non-resident employment growth was driven primarily by the Construction and Manufacturing sectors;
- b. Unemployment rates remained low and stable in June 2026, with the overall unemployment rate at 2.0%, while the resident and citizen unemployment rates stood at 2.9% and 3.0% respectively;

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c. Retrenchments increased from 3,830 employees in the first quarter of 2026 to 4,500 employees in the second quarter of 2026. However, retrenchments remained below levels typically observed during economic downturns and were concentrated mainly in selected outward-oriented sectors due to business restructuring; and

d. Labour market indicators improved, with the proportion of employers expecting to hire over the next three (3) months increasing from 40.6% in May 2026 to 43.9% in June 2026. The proportion of employers expecting to increase wages also rose from 23.7% to 29.3%, while employers expecting to retrench declined from 3.2% to 2.7%.

MOM noted that while employers remain cautious amid global economic uncertainty and ongoing business restructuring, labour demand remains resilient. Employers are encouraged to continue investing in workforce transformation and skills development through available government support schemes, including Career Conversion Programmes, the Mid-Career Pathways Programme and workforce transformation grants.

EMPLOYMENT STANDARDS REPORT 2025: EMPLOYMENT CLAIMS REMAINS LOW WITH HIGH RECOVERY RATES

MOM and the Tripartite Alliance for Dispute Management (“**TADM**”) released the Employment Standards Report 2025, which found that while employment claims and appeals increased slightly in 2025, the majority of disputes continued to be resolved through mediation.

The key findings are set out below;

a. The overall incidence of employment claims and appeals increased from 3.12 per 1,000 employees in 2024 to 3.44 per 1,000 employees in 2025. MOM attributed the increase primarily to higher job turnover arising from dismissals, retrenchments and business cessations, rather than a broad-based decline in employment standards;

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- b. Salary claims increased from 2.63 per 1,000 employees in 2024 to 2.84 per 1,000 employees in 2025. More than 90% of claimants fully recovered their salaries and payments through TADM and the Employment Claims Tribunal (“ECT”), with 88% of salary claims resolved through TADM mediation;
- c. Employers who failed to fully pay salaries despite having the means to do so may face enforcement action, including restrictions on access to foreign manpower, composition fines and prosecution; and
- d. Wrongful dismissal claims increased from 0.46 per 1,000 employees in 2024 to 0.57 per 1,000 employees in 2025. Approximately 67% of wrongful dismissal claims were resolved at TADM, while the remaining cases proceeded to the ECT.

The report serve as a reminder that employers should continue to ensure timely payment of salaries and compliance with statutory employment obligations. Employers undertaking restructuring or termination exercises should also ensure that dismissal processes are properly documented and conducted in accordance with contractual obligations and fair employment practices.

INCREASE IN ANNUAL LEAVE ENTITLEMENT FOR OUTSOURCED PROGRESSIVE WAGE MODEL WORKERS

On 19 July 2026, MOM announced that the minimum annual leave entitlement for outsourced workers covered under the Progressive Wage Model (“PWM”) will increase from seven (7) days to ten (10) days. The enhancement will be implemented progressively from 2029 onwards.

The change applies to resident outsourced workers in the following PWM sectors;

- a. Cleaning;
- b. Security;
- c. Landscape;
- d. Lift and Escalator; and
- e. Waste Management.

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Currently, employees covered under the Employment Act 1968 are entitled to a minimum of seven (7) days annual leave in their first year of service, increasing by one (1) additional day per year of service up to a maximum of fourteen (14) days. MOM highlighted that outsourced workers may not always benefit from accumulated leave entitlements when service contracts change hands, as their leave entitlement may be reset when they are rehired by a new service provider despite continuing in the same role or workplace. The increase is intended to better recognise continuous service, improve worker retention and support service continuity. Employers in the affected PWM sectors should begin reviewing their workforce planning, employment costs and future service contracts in preparation for the implementation of the enhanced leave entitlement. Further implementation details will be provided by the relevant sectoral Tripartite Clusters closer to 2029.

WORKPLACE SAFETY AND HEALTH INITIATIVES ANNOUNCED AT SINGAPORE WSH CONFERENCE 2026

At the Singapore Workplace Safety and Health (“**WSH**”) Conference 2026, MOM announced several initiatives aimed at strengthening workplace safety practices and addressing emerging workplace risks. The Minister highlighted that recent workplace fatalities have increasingly involved routine work activities, emphasising the importance of maintaining workplace vigilance beyond traditionally high-risk industries. Employers were reminded to ensure that workers are adequately trained, safe work procedures are implemented and employees are encouraged to report unsafe practices.

The key initiatives announced include:

- a. The launch of the Alliance for Action on Safety and Health for Employment Longevity (“**AfA SHEL**”), which will focus on injury prevention, return-to-work support and workplace adaptation through job redesign;
- b. The enhanced of the Top executive WSH Programme from September 2026, with greater emphasis on leadership engagement and workplace safety culture; and

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c. The development of SAGE (Safety Advisory and Guidance Engine), an artificial intelligence (“AI”)-powered tool developed by the Workplace Safety and Health Council and industry partners to assist WSH professionals in identifying workplace hazards and accessing relevant safety guidance.

Although these initiatives do not introduce new legal obligations, they reflect MOM’s continued focus on proactive workplace safety procedures and incident reporting frameworks to strengthen workplace safety standards.

GOVERNMENT EMPHASISES HUMAN CAPITAL DEVELOPMENT AND AI WORKFORCE TRANSFORMATION

At the Singapore Polytechnic HR Learning Fest 2026, MOM highlighted the importance of workforce transformation, job redesign and continuous skills development as Singapore adapts to increasing adoption of artificial intelligence (“AI”). The Government reiterated that AI should be used to augment rather than replace workers, with employers encouraged to support employees through upskilling, reskilling and redesigning roles to enable workers to take on higher-value responsibilities. MOM highlighted the work of the Tripartite Workgroup on Human Capital Capability Development (“**TWG-HC**”), which aims to strengthen human capital practices and support people-centred AI adoption. The TWG-HC is expected to release further recommendations later this year.

The Singapore Opportunity Index (“**SOI**”) was also highlighted as a benchmarking tool to assess how organisations create career opportunities for employees, including in areas such as remuneration, career progression and retention. In addition, Singapore Polytechnic launched the Human Capital Collaboratory (“**HCC**”), a cross-sector platform intended to support organisations, particularly SMEs, in workforce planning, job redesign and long-term capability development. While these developments do not create immediate legal obligations, employers should continue to monitor developments in AI-related workforce policies and consider incorporating skills

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development and job redesign initiatives into their longer-term workforce strategies.

SECURITY SECTOR DEVELOPMENTS: PROGRESSIVE WAGES AND TECHNOLOGY TRANSFORMATION

At the Security Officers' Day Awards 2026, MOM reaffirmed its commitment to strengthening the security sector through progressive wages, skills upgrading and technology adoption. The Minister highlighted that the Security Tripartite Cluster ("**STC**") has established a wage schedule under the Progressive Wage Model until 31 December 2028. Entry-level security officers are expected to receive cumulative wage increases of up to 23% between 2025 and 2028. The Government also encouraged employers to support workforce transformation through initiatives such as the Career Conversion Programme ("**CCP**"), which assists security officers in transitioning into technology-enabled roles, including operating autonomous security robots and integrated security management systems. The speech also reiterated the previously announced increase in annual leave entitlement for outsourced PWM workers, including security officers, which is intended to better recognise workers' length of service despite changes in service providers. Security sector employers should continue preparing for future PWM developments, including potential cost implications arising from wage adjustments and enhanced leave entitlements, while investing in training and technology adoption to support productivity improvements.

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Should you have any queries as to how this update may affect you or your organisation or require further information, please do not hesitate to email us.



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This newsletter is intended to discuss the Employment Law Updates, and it is not intended to be comprehensive nor should it be construed as legal advice. This newsletter is updated as of 01 August 2026.

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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