

Employment Update¹

Mandatory Retrenchment Notification

Overview

The Ministry of Manpower (the “**MOM**”) has recently announced that it is making it mandatory for employers who retrenched employees to notify the Ministry. Previously, it was merely highly encouraged that employers sought to notify MOM, and there were no corresponding sanctions imposed for non-compliance.

What constitutes Retrenchment?

The MOM defines retrenchment as dismissal on grounds of redundancy or any reorganisation of the employer’s profession, business, trade or work.

When

This change takes effect on 1 January 2017.

Criteria to Notify

1. Employers who employ 10 employees or more; and
2. 5 or more employees are being retrenched within any 6 month period.

Who

Employees include permanent employees and contract workers with terms 6 months or more.

Notification Timeline

Within 5 working days from notifying the affected employees.

Penalty for non-compliance

Failure to notify constitutes an offence under the relevant Act², and a fine not exceeding S\$5,000 may be imposed upon conviction.

As with offences committed by a corporation, an officer of the corporation individual in a position to influence the conduct of the corporation in respect of compliance may be liable for the same offence and penalty.

¹ The writers would like to extend their heartfelt gratitude to Teo Xin Ru Belle for assisting in the drafting of this article.

² Workforce Singapore Agency Act (CAP 305D, 2004 Rev Ed).

How to notify

1. Companies to download the Retrenchment Notification Form from the MOM website³
2. Fill up the required details in the retrenchment notification form.
3. Email the completed form to mom_notifications@mom.gov.sg.

Rationale for change

The Singapore Government, recognising the impending headwinds in the economy that may result in higher instances of employees being retrenched, has put in place various assistance and retraining schemes for locals who have lost their jobs. Informing MOM of who are being retrenched would assist the relevant agencies in reaching out to these affected departing employees. It is hoped that with early retrenchment reporting, agencies can reach out and support the unemployed sooner, thereby promoting the early recovery of the national's employment rate.

Retrenched employees can look forward to employment support such as assistance in finding alternative employment and being provided with alternative training to enhance their employability.

Through anecdotal exchanges with various ministry and union officials, we think that this reporting requirement serves another unpublicised purpose: to prevent, or at least make it difficult for employers to terminate long-standing employees under the false pretense of reorganisation. It was shared that complaints have been received of retrenching companies reopening job positions that purportedly were being made redundant. By requiring employers to officially submit retrenchment information to the authorities, it is contemplated that the penalty associated with false declaration would deter employers from firing employees under false pretense.

This update is intended to only introduce the change to retrenchment notification, and hence does not serve nor should it be construed as legal advice. Please do not hesitate to contact your usual contacts at our firm if you need proper and comprehensive legal advice regarding Singapore's employment law.



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³ <http://www.mom.gov.sg/employment-practices/retrenchment/mandatory-retrenchment-notifications>