



## **Amendments to Singapore's Employment Act- A Key Summary**

### **Introduction**

Singapore's main source of labour law, the Employment Act (CAP 91) ("EA"), was recently amended with a view to extend protection to a larger pool of employees. Naturally, employers are concerned if these amendments will result in, either greater cost to their businesses, or inflexibility in managing employment relationships, or worse, both. At first blush, that may be so. However as typical of the even-handedness nature of the Singapore Government, these revisions are accompanied by flexibility boosting and cost capping measures which benefit employers likewise.

Most of the revisions have taken effect since 1 April 2014, unless otherwise stated.

### **More Protection for More Workers**

#### **Increasing non-workmen's salary threshold for Part IV protection coverage**

From a basic monthly salary of S\$2,000 in respect for non-workmen, the salary threshold that qualifies non-workmen for greater Part IV coverage has been increased to S\$2,500. Under the EA, non-workmen refers to, amongst others, clerical staff and frontline service staff while Part IV of the EA is generally concerned with two main areas of protection for applicable employees: annual leave and working hours.

#### **More Protection for Professional, Managers and Executives ("PMEs")**

The general provisions of the EA (other than Part IV) are now applicable to PMEs earning a basic monthly salary of up to S\$4,500. The said provisions deal with termination notice, sick leave benefits, limits to salary deductions and protection against unfair dismissal.

#### **More Employment Benefits**

Aside from including more employees under the coverage of the EA, the amendments have added additional benefits and protections for applicable employees.

First, there is now a 25% sub-cap on employees' salary deductions in the event the employer is providing accommodation, amenities and services. This is a sub-cap as this is within the existing 50% total cap for authorised deductions.

Second, the non-eligibility period for retrenchment benefits will be reduced to two years from the original three years. However, this will take effect only from 1 April 2015 onward.



Third, in the event of a company restructuring whereby employees are transferred to another company, the validity of a collective agreement has been deemed to be valid for 18 months after the date of transfer or until the natural expiration of the collective agreement, whichever is later. The basis for this amendment is that in such a scenario, unions can only represent employees transferred to another company if the pre-existing collective agreement remains valid. It is hoped that this provides greater reassurance for affected employees.

### **More Flexibility and Cost Mitigating measures for Employers**

As mentioned above, the salary threshold to qualify for Part IV protection for non-workman has been increased to S\$2,500. Accompanying this revision however, is a cap for the overtime rate payable for these employees. The cap has now been set at S\$2,250. Employers would therefore appreciate this cost-mitigating measure.

Further, while applicable PME's are afforded protection against unfair dismissal, they must at least have served the same employer for at least 12 months.

And if PME's are required to work on public holidays, employers are now given the additional option to grant time off-in-lieu instead. This is however subject to mutual agreement with the affected employee.

In relation to paid sick leave and medical examination expenses solely for cosmetic purposes, employers are now not obliged to bear the cost thereof.

### **Concluding Words**

Some may have argued that the amendments do not go far enough in protecting our employees. However one must understand the purpose behind these revisions; the amendments are enacted largely to keep pace with the rising general income of employees in Singapore. Unless and until Singapore's approach and philosophy underpinning its labour law undergo a change, it will be pro-business and we can look forward to business as usual.

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*This summary is meant only to introduce the aforesaid key amendments and hence does not serve to comprehensively inform readers of all the provisions and protection that the Employment Act affords. 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*

*This article is intended to highlight the amendments to the Employment Act in Singapore, and is not intended to be comprehensive nor should it be construed as legal advice.*

*Should you have any queries as to how this may affect your business, please do not hesitate to email us.*

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