



## **The Business Times:**

# **Call for Gradual Roll-out of Employment Pass Changes**

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By Teh Shi Ming

[SINGAPORE] Business groups are concerned that the government's intention to raise the salary requirements for hiring foreigners on employment passes will add to business costs, or make it harder to hire people with specialised skills lacking in the local talent pool.

They are asking for employers' views to be heard before policy changes are made, and urge a gradual roll-out to avoid labour- market shocks that could drive even competitive firms here out of business.

These business groups were reacting to comments by Acting Manpower Minister Tan Chuan-Jin, who told BT in an exclusive interview published yesterday that the salary thresholds for all three levels of employment passes - Q1, P2 and P1 - must rise, clarifying earlier comments on a review of the workpass regime. This is to ensure real growth in young Singaporeans' entry-level salaries, which have stagnated in recent years, and to level the playing field of job opportunities for locals, he said.

The Ministry of Manpower (MOM) has not yet announced the quantum of hikes, but Lawrence Leow, who chairs the Singapore Business Federation-led SME Committee, yesterday said that "any increase must not reach a level that is not commensurate with the ability of the person being hired".

The timing of these changes is also of concern. Singapore Chinese Chamber of Commerce and Industry president Thomas Chua said that raising qualifying salaries for employment passes (EPs) now may add to employers' cost burden "at a time when all business costs are already spiralling".

The Association of Small and Medium Enterprises (ASME) echoed this point, adding that the higher costs of hiring EP holders could potentially be passed on to consumers or hinder competitiveness.

Mr Leow said: "The increase should also not result in our companies losing international competitiveness compared with other countries."

Clarity was of concern to Singapore International Chamber of Commerce (SICC) chief executive Phillip Overmyer, as the multinational members of SICC need to plan ahead. "Their concern is getting to be: How long is it going to take to get an answer? How large is the change going to be?" he said.

An ASME spokesman expressed hope that the increases will be rolled out progressively and be reviewed based on sectoral demand and supply.

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"This is especially detrimental and crucial for specialist skill-intensive industries and companies which require higher knowledge- intensive skillsets and are unable to hire locals equipped with these," said the spokesman, citing fields such as artificial intelligence, robotics and high- end information technologies as examples.

Already, SMEs struggle to find locals - "even for an occupation as essential as engineering", the spokesman pointed out. "The tightening of the EP (framework) would negatively affect the day-to-day operations of many SMEs in Singapore if SMEs are unable to hire locals to fill the gap."

**Kerry Consulting general manager Pan Zaixian said local talent pools mature alongside their economies. "With or without government intervention, there will be more locals taking up jobs in time to come. This only comes with time, which allows the local job market to build depth," he said.**

Ms Chua said that although most of her clients want to hire local candidates, some do on occasion need specific skills from abroad. "Singapore as a talent ground for MNCs is not as mature as Europe . . . The available supply of talent is insufficient to match demand . . . Therefore, there may be the perception that Singaporeans are being sidelined," she said.

Employers should be conscious of such perceptions, too, Minister Tan had said in the interview, as he explained his ministry's approach to developing a fair employment framework, for which regulation remains possible.

"Actually, enlightened management, good leadership, good management, good communication solves a lot of things. Because if your employees are happy, engaged, well looked after, feel that they are treated fairly, then I think the propensity for these concerns and frictions becomes a lot less," he said.

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