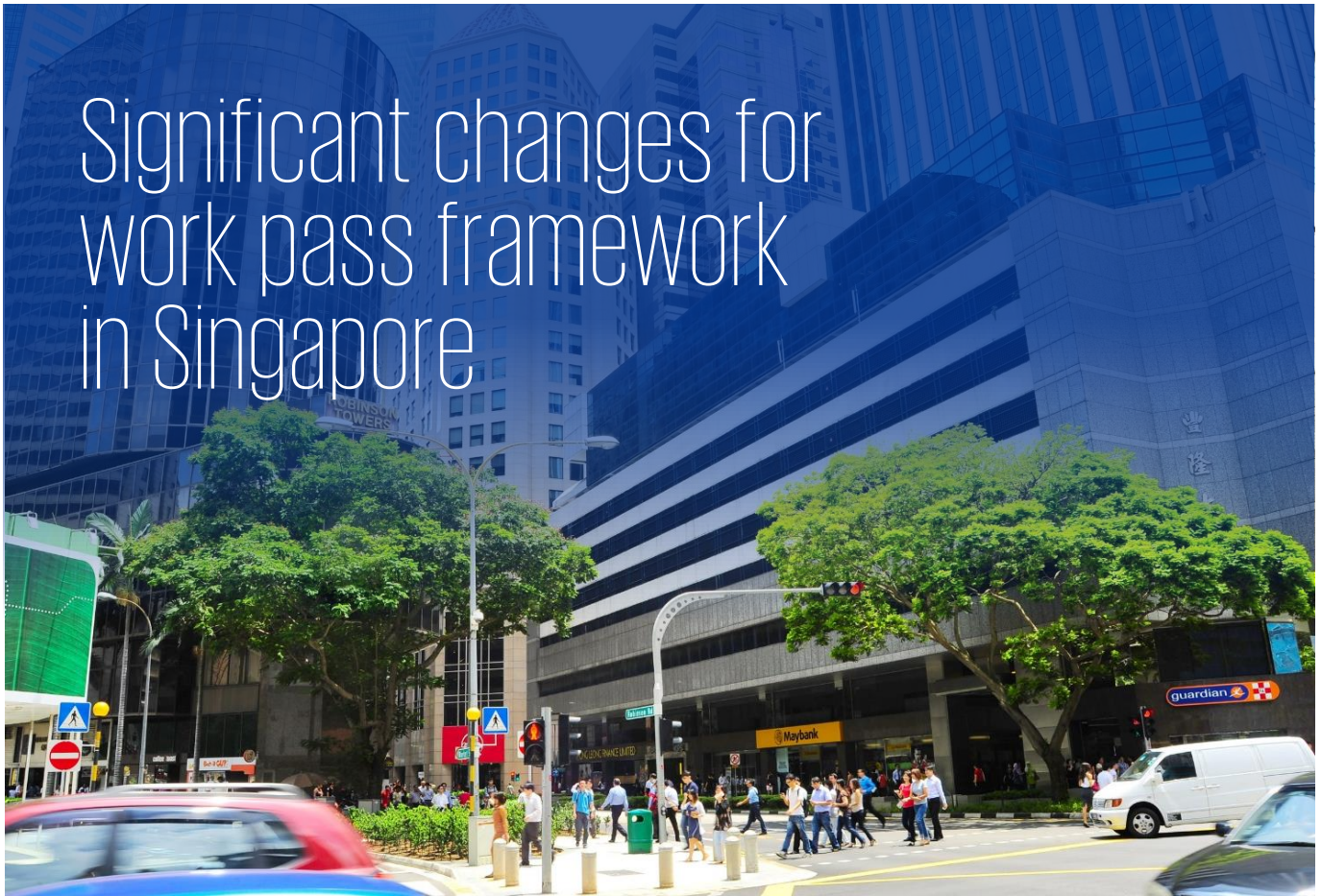


Significant changes for work pass framework in Singapore



The Singapore Government recently announced a series of important changes in its foreign workforce policies, to take effect over the course of the next three years.

First, as part of the Budget Statement announced on 18 February 2022, the minimum monthly salaries for Employment Pass (EP) and S Pass holders, and the foreign worker levy for S Pass holders, will be increased progressively from 1 September 2022 to 1 September 2025¹. This marks the third time that Singapore has raised EP and S Pass salaries in less than three years. Please see Table 1 for details and timings of the changes.

Subsequently, on 4 March 2022, the Ministry of Manpower (MOM) announced that in addition to meeting the qualifying salary, EP candidates must pass a points-based Complementarity Assessment Framework (COMPASS)². The new COMPASS framework will apply to new EP applications from 1 September 2023

and renewals from 1 September 2024. Please see Table 2 for details.

Why this matters

- Compared to the previous round of increases in August 2020 that allowed employers only two months to prepare, they are given more time now with the first increases in salaries and levies taking effect from 1 September 2022.
- More importantly, the MOM provided more clarity on their criteria for qualifying salary corresponding to age. Confirmation of the high end of the age-salary criteria makes it more transparent for employers to plan their recruitment and staffing decisions.
- Employers should review and develop their hiring and progression strategies early to address the impact of COMPASS and the increased salary and levy requirements.

TABLE 1: Updates to minimum qualifying salary and foreign worker levy

Changes announced in Budget Speech 2022	Sector	Before	After	Effective date
 Higher minimum monthly salary for Employment Pass (EP) holders	All except Financial Services	S\$4,500	S\$5,000 for new applicants. Salaries for older EP applicants, which increase progressively with age, will also be raised in tandem – S\$10,500 for those in their mid-40s.	1 September 2022
	Financial Services	S\$5,000	S\$5,500 for new applicants Salaries for older EP applicants, which increase progressively with age, will also be raised in tandem – S\$11,500 for those in their mid-40s.	1 September 2022
	All		The above changes will apply to renewals.	1 September 2023
 Higher minimum monthly salary for S Pass holders	All except Financial Services	S\$2,500	S\$3,000 for new applicants Salaries for older S Pass applicants, which increase progressively with age, will also be raised in tandem – S\$4,500 for those in their mid-40s.	1 September 2022
			Further increases for new S Pass applications: S\$3,150*; and S\$3,300*	1 September 2023 1 September 2025
	Financial Services	S\$2,500	S\$3,500 for new applicants Salaries for older S Pass applicants, which increase progressively with age, will also be raised in tandem – S\$5,500 for those in their mid-40s.	1 September 2022
			Further increases for new S Pass applications: S\$3,650*; and S\$3,800*	1 September 2023 1 September 2025
	All		The above changes will apply to renewals.	1 September 2023
 Higher Tier 1 S Pass foreign worker levy	All	S\$330	To be progressively increased to S\$650 by 2025 as follows: -S\$450; -S\$550; and -S\$650.	1 September 2022 1 September 2023 1 September 2025

* Finalised values will be announced closer to the implementation date based on prevailing local wages for local associate professionals and technicians at that time.
Source: Ministry of Manpower

TABLE 2: New COMPASS Framework for EP Applications

	Individual attributes	Firm-related attributes	
Foundational criteria Passing score: 40 points 20 = Exceeds expectations 10 = Meets expectations 0 = Does not meet expectations	C1 Salary[^] Fixed monthly salary compared to local professionals, managers, executives and technicians (PMET) salaries in sector by age	C2 Diversity[^] Share of candidate's nationality among firm's PMETs*	
	≥ 90 th percentile 20	< 5% 20	
	65 th to 90 th percentile 10	5 to 25% 10	
	< 65 th percentile 0	≥ 25% 0	
	C3 Qualifications[^] Based on candidate's qualifications	C4 Support for local employment[^] Firm's share of local PMETs within its subsector*	
	Top-tier institution 20	≥ 50 th percentile 20	
	Degree-equivalent qualification 10	20 th to 50 th percentile 10	
	No degree-equivalent qualification 0	< 20 th percentile 0	
	Bonus criteria	C5 Skills bonus (Shortage Occupation List – SOL) For candidates in jobs where skills shortages exist. The first SOL will be announced by March 2023. Thereafter, this will be regularly reviewed to ensure responsiveness to industry needs and that existing shortages are not entrenched over the long term.	C6 Strategic economic priorities bonus For partnership with Government on ambitious innovation or internationalisation activities. More details, including the finalised list of government programmes, eligibility criteria and application process, will be announced by March 2023.
	Job on the Shortage Occupation List +20[#]	Firm meets specific assessment criteria on innovation or internationalisation activities +10	

[^] The MOM will offer a Pre-Assessment Tool (PAT) for employers to get an indicative COMPASS score for their prospective EP candidate before submitting an EP application. This will be available by September 2023.

* The MOM considers employees earning at least S\$3,000 per month as PMETs when computing the criterion. Small firms with fewer than 25 PMET employees score 10 points on C3 and C4 by default.

[#] Skills bonus is reduced to +10 if the share of candidate's nationality among the firm's PMETs is one-third or higher.

Source: Ministry of Manpower

Educational qualifications

Under C2, Qualifications (see Table 2), "top-tier institutions" include:

- Top 100 universities based on international rankings, and other highly reputed universities across different regions
- Singapore's Autonomous Universities
- Vocational institutions that are highly recognised in a particular field

"Degree-equivalent qualifications" generally refer to:

- Foreign qualifications that are assessed to be comparable to a bachelor's degree in the UK system (the MOM determines this with reference to international recognition bodies, e.g. the UK National Information Centre for recognition and evaluation of international qualifications and skills (UK ENIC))
- Professional qualifications that are well-recognised by the industry and endorsed by a relevant sector agency

Exemptions

The following candidates are exempt from the COMPASS criteria:

1. Those earning at least S\$20,000 fixed monthly salary; or
2. Those applying as an overseas intra-corporate transferee under the World Trade Organisation's General Agreement on Trade in Services or an applicable Free Trade Agreement that Singapore is party to; or
3. Those filling a role on a short-term basis, one month or less.

In addition, the MOM will pilot a global rotation scheme, which will facilitate international firms bringing in high-potential employees from abroad and, in return, posting local Singaporeans abroad to gain exposure in the same leadership development programme. The Ministry stated that they will ensure the EP framework has the flexibility to allow for such rotations. More details of the scheme are expected to be released in due course.

Our views

The clarity added to age-salary thresholds should help towards greater transparency and predictability for EP and S Pass application outcomes.

By launching COMPASS, the MOM adopted the recommendations of the PME task force³ to incorporate a points system to EP applications that considers a range of factors beyond the individual applicant's educational attainment and salary.

Smaller firms (with fewer than 25 PMETs), including start-ups, would welcome the benefit of being automatically granted 10 points each for the two firm-related criteria.

The addition of company attributes and skills bonus criteria create a more holistic evaluation process, which also aims to address local skills shortages and situations of overreliance on workers of a single nationality. The new framework would continue to provide an avenue for businesses in Singapore to tap global talents, while ensuring that global hires are complementary to the local workforce, contributing to the strengthening of the Singapore workforce.

Singapore is the latest country to adopt a points-based system in a bid to enhance its competitiveness as a choice destination for top foreign talent. Other countries with points-based schemes for skilled immigration include Australia, Canada, Japan and the United Kingdom.

How we can help

As a committed advisor to our clients, we welcome any opportunity to discuss the relevance of the above matters to your business.



FOOTNOTES:

¹ See Budget Statement 2022 on the Ministry of Finance website: <https://www.mof.gov.sg/singaporebudget/budget-2022/budget-statement/c-invest-in-new-capabilities#emAdjustments-to-Foreign-Worker-ememPoliciesemem-em>

² See MOM website: <https://www.mom.gov.sg/passes-and-permits/employment-pass/upcoming-changes-to-employment-pass-eligibility/complementarity-assessment-framework-compass>

³ The task force, formed by the National Trades Union Congress (NTUC) and Singapore National Employers Federation (SNEF), submitted its report providing nine recommendations to address concerns of Singaporean professionals, managers and executives over job security and fair opportunities, among others.

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