

REVIEW OF THE SINGAPORE EMPLOYMENT ACT: WHAT TO EXPECT

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Labor, Employment and Workplace Safety Alert

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The employment landscape in Singapore continues to evolve dynamically in tandem with the growth and maturity of its domestic economy and workforce. Accordingly, the Employment Act (“EA”), Singapore’s main employment legislation, is being reviewed in order to ensure it remains up-to-date and relevant.

In January 2018, the Ministry of Manpower (“MOM”) invited members of the public to give feedback on areas being considered in the review of the EA. These areas include the EA’s core provisions on payment of salary and allowable deductions, redress for wrongful dismissal, and public holiday and sick leave entitlements.

REDRESS FOR WRONGFUL DISMISSAL

Currently, professionals, managers, and executives (“PMEs”) earning more than SGD4,500 per month are not covered by the aforesaid core provisions of the EA.

PMEs who are covered by the EA may seek redress for unfair dismissals (i.e., dismissals without just cause or excuse) from the Minister of Manpower. However, PME’s who are not covered by the EA have no such right of redress. They may only seek redress through the courts, which is potentially a more time-consuming and expensive process. In view of the rise in the number of, and the average salaries of, PME’s, it will be a welcome change to the EA if these provisions are extended to protect such employees from unfair dismissals.

In this regard, and in line with the potential increased coverage under the EA, there may be a concern that it would lead to a flood of unfair dismissal claims, some of which may be brought due to a lack of awareness of the legal position. To mitigate against this risk, as well as to educate the public on the legal position in relation to such claims, it may be helpful for MOM to come up with clear and detailed guidelines, as well as situational examples of what would constitute an unfair dismissal of an employee.

SALARY THRESHOLDS FOR TIME-BASED PROVISIONS

The review also seeks to adjust the salary thresholds in relation to time-based provisions such as annual leave, hours of work, overtime, and rest days. These provisions are found at Part IV of the EA and currently only cover nonworkmen earning a monthly salary of up to SGD2,500 and workmen earning a monthly salary of up to SGD4,500. Again, a suitable upward adjustment of these salary thresholds will result in enhanced protection for a wider group of vulnerable employees.

DISPUTE RESOLUTION MECHANISMS

The third aspect of the review of the EA deals with streamlining dispute resolution mechanisms for various employment-related claims. Presently, salary disputes are heard by the Employment Claims Tribunal, while wrongful dismissal claims are heard by MOM. Streamlining the dispute resolution mechanism will be a welcome development as it will enable parties to more efficiently adjudicate their disputes (which may encompass both salary and non-salary related aspects).

CONCLUSION

Overall, the review of the EA is timely and welcome. With this current review of the EA and the potential increased scope of protection afforded to PMEs and other employees, employers should take special note of any changes in order to ensure compliance with the EA going forward.

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