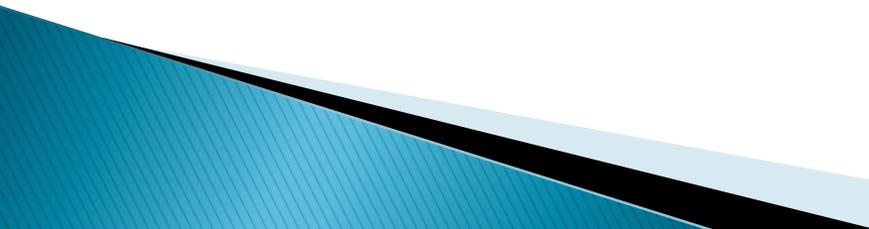


COVID-19 Series: Retrenchment

COVID-19 Series: Retrenchment

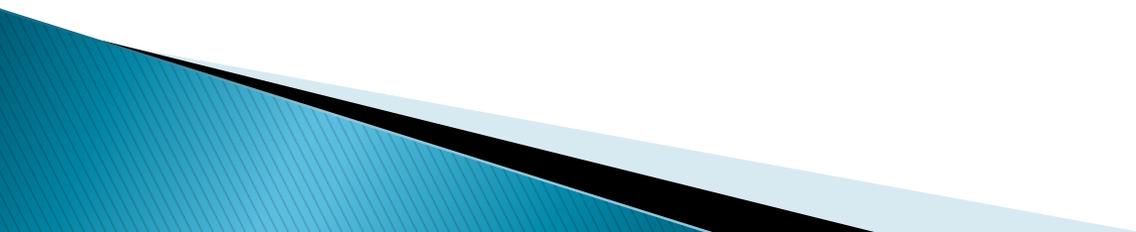
- ▶ Guidelines for employers that have not implemented cost-saving measures
 - ▶ For other employers who have not implemented any cost-saving measures, the tripartite partners strongly urge them not to resort to retrenchments or prolonged no-pay leave to manage business costs during the Circuit Breaker.
 - ▶ With the 75% wage support for April and May 2020, employers should pay employees⁴ a baseline monthly salary. Specifically, the tripartite partners recommend:
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COVID-19 Series: Retrenchment

As the Construction, Marine Shipyard and Process sectors restart, MOM expects them to take some time raise the tempo of activities and operate at higher efficiency. We will therefore taper down the FWL waiver support from October to December 2020.

The FWL waiver will be stepped down to 75% for levies due in **October**, followed by 50% FWL waiver for levies due in **November**, and 25% FWL waiver for levies due in **December 2020**. The gradual reduction of the FWL waiver will give firms more time to adjust.

Extending existing \$375 FWL rebate to October 2020



COVID-19 Series: Retrenchment

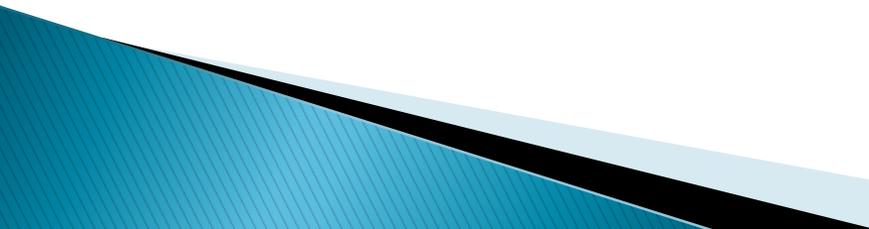
In addition to the FWL waiver, firms in the Construction, Marine Shipyard and Process sectors will also receive a \$750 FWL rebate per S Pass and Work Permit holder for June, and a \$375 FWL rebate per S Pass and Work Permit holder for July as part of the Fortitude Budget.

The \$375 FWL rebate will be extended for another two months, to August and September 2020.

FWL Waiver		FWL Rebate	
FWL due in	Waiver %	For each S Pass and WPH in	Rebate amount ²
July 2020	100% (up from 50%)	July 2020	\$375 (announced earlier)
August 2020	100% (new)	August 2020	\$375 (new)
September 2020	100% (new)	September 2020	\$375 (new)
October 2020	75% (new)	October 2020	\$90 (announced earlier)
November 2020	50% (new)	November 2020	\$90 (announced earlier)
December 2020	25% (new)	December 2020	\$90 (announced earlier)
January 2021 onwards	0% (i.e. full FWL is payable)	January 2021 – December 2021	\$90 (announced earlier)

COVID-19 Series: Retrenchment

Sectors	Extension of support under the JSS
Aerospace, aviation, tourism sectors	50% of wages paid for seven more months
Built environment sector	50% of wages paid for two more months, before lowering to 30% for wages paid up to March 2021
Arts and entertainment, food services, land transport, marine and offshore, and retail sectors	30% of wages paid for seven more months
For the large majority of the remaining sectors	10% of wages paid for seven more months
For the few sectors that are managing well, such as biomedical sciences, financial services, and ICT sectors	10% of wages paid for four more months, for wages paid up to December 2020

- ▶ The alternatives to retrenchment, which employers should consider, are as follows:
 - ▶ Send employees for training to upgrade their skills and employability .
 - ▶ Redeploy employees to alternative areas of work within the company .
 - ▶ Implement flexible work schedule, flexible work arrangements, shorter work-week, or temporary layoff .
 - ▶ Adjust wages in line with tripartite norms .
Implement no-pay leave
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COVID-19 Series: Retrenchment

- ▶ Responsible Retrenchment
 - ▶ The tripartite partners have developed the following advisory to help companies implement retrenchment exercises in a responsible and sensitive manner bearing in mind the impact on the affected employees, in the event that retrenchment is inevitable.
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COVID-19 Series: Retrenchment

- ▶ Retrenchment is a difficult time for all, especially for the affected employees and their families.
 - ▶ It is important that employees are treated with dignity and respect during a retrenchment exercise.
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COVID-19 Series: Retrenchment

When carrying out a retrenchment exercise, the selection of employees for retrenchment should be conducted fairly, based on objective criteria such as the ability of the employee to contribute to the company's future business needs.



COVID-19 Series:

Retrenchment

- ▶ **Background:**

- ▶ In May 2019, an established retail operator announced that it was bowing out of its current business at a prominent shopping district once the store lease expired at the end of the month.

With a few hundred people employed at this flagship retail store, the news made headlines and invited much speculation. The company conveyed through a media statement that they would ensure a smooth handover to the new operator, and would provide staff with the option of being deployed to other retail locations in Singapore.

In a drastic turn of events, it was announced in June that the company was laying off staff with immediate effect. There was no prior warning, or any communication in the form of circulars or memos indicating that the retrenchment would happen. 50 staff were just told to leave immediately.

COVID-19 Series: Retrenchment

- ▶ **TAFEP's Involvement:**
- ▶ TAFEP followed up with the company soon after the news broke and asked to meet with them along with representatives from MOM. The retrenchment was found to be poorly managed for the following reasons which were not in line with the Advisory:
 - Employees were not notified in advance about their retrenchment
 - Employees were made to acknowledge and accept their retrenchment packages within 3 days, failing which they would not receive any retrenchment benefits
 - Employees were paid only 1 week per year of service of retrenchment benefits capped at 8 years
 - Employees did not receive job placement facilitation or assistance
- ▶ “

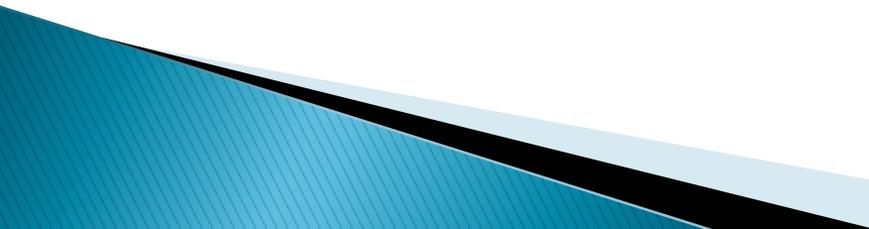
COVID-19 Series: Retrenchment

We wish to apologise for how it was carried out. We admit we could have done better. With the new arrangements, we hope we have made it up to you. We also hope that we are able to rebuild the broken trust and image. – Chief Executive of the retail operator”

The company's poor management of their retrenchment was not only widely covered in the media, but publicly chastised by the Minister of Manpower.

The company continued to be plagued by bad press for a sustained period of time, with many of their retrenched employees directly taking to the media to rant and express their grievances.

More importantly, the bad handling of their retrenched employees caused the company to suffer an immeasurable loss of corporate reputation.



COVID-19 Series:

Retrenchment

▶ Outcome:

- ▶ ***“We felt a lot more relieved when they announced the improved retrenchment benefits package... We think that’s being a lot fairer to us. It gives us a bit more comfort during this tough period. – Affected ex-employee of the retail operator”***
- ▶ Following the engagement session with TAFEP, the company had a clearer idea of their obligations under the Tripartite Advisory. They raised the retrenchment benefits for its affected employees to be in line with what was recommended in the Tripartite Advisory, as a progressive measure.

COVID-19 Series: Retrenchment

Besides retrenchment benefits, they committed to improving their communications on the restructuring efforts through dedicated face-to-face sessions with affected employees.

They also signalled their willingness to work closely with the various government agencies to provide outplacement assistance to affected staff in their transition in the next few months. Such support included personalised one-on-one career coaching, job-matching, and counselling service for those who required them.

COVID-19 Series: Retrenchment

- ▶ Employers should not discriminate against any particular group on grounds of age, race, gender, religion, marital status and family responsibility, or disability.
 - ▶ For instance, older, re-employed as well as pregnant employees should not be unfairly targeted.
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