

## Singapore's labour crunch: Solutions in policies, training and wage subsidies

**Joanna Seow**

**Straits Times**, 13 January 2019

Recognising that having enough for retirement is a concern for Singaporeans, and that many need help coping with the changing nature of jobs, policies have been put in place to boost the employability of older workers.

Raising the re-employment age from 65 to 67 in 2017 is the latest legislative change.

Re-employment rates are high. More than 98 per cent of local, private-sector workers reaching the age of 62 who wish to continue working are offered re-employment, Mr Lee Pak Sing, divisional director for the workplace policy and strategy division at the Ministry of Manpower (MOM), said in a presentation at last week's forum.

Also, the majority of those re-employed in the same job were paid at least the same wages as before.

Mr Lee said an MOM study in 2017 found that retirement and re-employment laws have raised the employment rate of the targeted group of older workers an average of 1.6 percentage points a year since being implemented in 2012.

Central Provident Fund (CPF) contribution rates have also been raised over the years to help workers save more for retirement.

In 2016, both the employer and employee CPF contribution rates for older workers were raised, bringing rates for those aged between 50 and 55 on par with those of younger workers, at 37 per cent. But the rates still drop for workers older than 55, and range from 12.5 per cent to 26 per cent of wages, and there have been calls to raise these.

Institute of Policy Studies senior research fellow Christopher Gee noted that while the rationale for the reduction is to keep older workers attractive to employers, it inadvertently brands them as "older", and presumes pay should be lower just because they have passed 55.

"It also has little relationship to the worker's actual productivity and value to the employer," he said.

To help workers cope with the transforming economy and to encourage bosses to retrain workers, there are also skills training subsidies and job placement help such as the Career Support Programme focusing on mature workers.

Other measures to encourage bosses to employ older workers include wage subsidies in the form of the Special Employment Credit, which offsets 3 to 11 per cent of wages for workers aged 55 and over, who earn up to \$4,000 a month.

Companies can use WorkPro grants to implement job redesign projects, age management practices and flexible work arrangements.

New guidelines were rolled out last year under the Tripartite Standard on Age-Friendly Workplace Practices, which firms can voluntarily adopt. They include avoiding using age as a

recruitment selection criterion and appointing a member of senior management to champion age-friendly workplace practices.