

Singapore: Ministry of Manpower offers flexibilities to S-Pass and Work Permit quotas

For employers who support Singapore's strategic economic priorities, the new Manpower Strategic Economic Priorities Scheme offers flexibility to foreign-hiring quotas

In brief

The Ministry of Manpower (MOM), the Ministry of Trade & Industry and relevant economic agencies have on 13 December 2022 **announced new flexibilities** to the existing Dependency Ratio Ceiling (DRC) and S Pass sub-DRC quotas for hiring of foreign employees by employers who contribute to Singapore's strategic economic priorities through ambitious investment, innovation, or internationalisation activities.

Under the two-year Manpower Strategic Economic Priorities Scheme (M-SEP), these key employers who have fully utilised their existing DRC or S Pass sub-DRC headroom may be eligible for additional S Pass and Work Permit quotas of up to five percent of their base workforce headcount, the maximum ratio of foreign employees to the total workforce that an employer in a given sector can employ, subject to a cap of 50 workers per employer.

We summarise below the eligibility criteria for employers and M-SEP application considerations.

In this issue

Eligibility criteria for employers

- **Supporting strategic and key economic priorities**
- **Supporting local workforce development**

M-SEP application considerations

- **M-SEP application**
- **M-SEP renewal**

Eligibility criteria for employers

The flexibilities offered under M-SEP are targeted at assisting "needle-moving" enterprises, which the Minister of Manpower has described as employers that are "**very innovative, that have put in significant investments and that are also ramping up to internationalise**".

Instead of implementing a cross-sector DRC adjustment that may appear contradictory to the overall reduction in DRC quotas and sub-DRC quotas expected in 2023, the **Minister of Manpower has reasoned** that this targeted approach is more effective in addressing the non-resident employment and other unique business needs of key employers in the construction, process, services, manufacturing and marine shipyard sub-sectors as they catch up on the backlogs accumulated over the last two years whilst receiving new orders as the economy reopens.

However, in exchange for flexibilities allowing for increased foreign employment from **MOM-approved foreign countries and regions**, the MOM expects employers to increase opportunities for Singaporeans to move up the career path and develop the type of technical expertise and talent needed in Singapore.

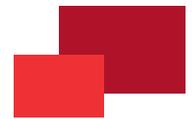
Thus, an employer's M-SEP eligibility is conditional on its commitments to supporting Singapore's:

- Strategic and key economic priorities
- Local workforce development

Supporting strategic and key economic priorities

To meet the first condition of supporting strategic and key economic priorities, employers must show proof of either:

- Participating in the initiatives administered by economic agencies which have the following aims:
 - Promoting investments which support Singapore's hub strategy



- Promoting innovation, or research and development
- Supporting internationalisation; or
- Meeting criteria on:
 - Significant local hiring
 - For startups, growth and minimum investment threshold

Economic agency	Initiatives or criteria	Employer's proof of participation or supporting documentation
Economic Development Board	Development and Expansion Incentive, including International Headquarters-DEI	Employer is a recipient with a signed Letter of Award
	Pioneer Certificate Incentive	
	Research and Innovation Scheme for Companies	
	Manufacturers with significant activities in Singapore (employing at least 500 Singaporeans)	Employer's current workforce profile from Work Permit Online showing that it hires at least 500 Singaporeans
EnterpriseSG	Global Trader Programme	Employer is a participant with a signed award of Approved Global Trading Company Status
	Scale-Up SG	Employer is a participant with a signed Letter of Offer
	Singapore Global Executive Programme	
	Singapore-incorporated high-growth startup with USD 10 million minimum investment over the past 36 months, with funding from EDBI, SEEDS Capital or other recognised investment firms	1. At least one of the following documents: <ul style="list-style-type: none"> ○ Investment Term Sheet ○ Investment Agreements/Contract ○ Pitchbook/Crunchbase company profile or information - Balance Sheets ○ Cap Table (e.g., Carta) ○ News articles 2. At least one of the following documents: <ul style="list-style-type: none"> ○ Company Pitch Deck ○ Business Plan ○ News articles clearly stating the product/ service 3. If applicant's company is owned by other holding companies, at least one of the following ACRA Bizfile documents: <ul style="list-style-type: none"> ○ Certificate of Incumbency for holding company ○ Registry of Members for holding company



Infocomm Media Development Authority	Accreditation@SG Digital	Certificate to verify programme recipient/participant
	SG:D Spark	
Maritime & Port Authority of Singapore	Maritime Sector Incentive – Approved International Shipping Enterprise Award	Letter of Award
	Maritime Sector Incentive – Shipping-related Support Services Award	
	Maritime Sector Incentive – Maritime Leasing Award	
	Maritime Cluster Fund – Business Development	Letter of Award and Letter of Acceptance
Singapore Tourism Board	Selected Business Improvement Fund grantees with innovative projects that bring about substantial transformation and/or productivity savings	Signed Letter of Offer
	Selected Singapore Tourism Accelerator participants with innovative projects that bring about substantial transformation and/or productivity savings	Tourism firm in partnership with the tech company – signed letter of Intent/Project MOU/Collaboration Agreement with the tech company

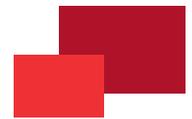
Supporting local workforce development

To meet this second condition, employers must undertake any of the three following forward-looking commitments which they will have to meet during the two-year M-SEP support period:

Commitment	Scope of commitment and effect on M-SEP quota	Employer's proof of discharge of commitment or supporting documentation
Increase in net hiring	<p>This must result in an increase, at the end of the M-SEP support period, in the overall Singaporean workforce size with an increase in the portion of Singaporeans earning at least the local qualifying salary of at least SGD 1,400 per month (LQS).</p> <p>An employer can increase hiring through its own means, or through Government programmes, such as:</p> <ul style="list-style-type: none"> • Attach-and-Train Career Conversion Programmes • Career Trial • Place-and-Train Career Conversion Programmes • SGUnited Mid-Career Pathways Programme • SkillsFuture Career Transition Programme • Tech Skills Accelerator (TeSA) Company-Led Training (includes TeSA for Institute of 	Employer's current workforce profile from Work Permit Online



	<p>Technical Education and Polytechnic apprenticeships)</p> <p>Generally, while an employer that has increased its local workforce headcount may then be allowed a proportional increase in S Pass and Work Permit holders it can subsequently hire (see the MOM's sector-specific quota calculator), specific to an eligible M-SEP employer, it may be allowed one M-SEP quota per net future commitment for a local hire meeting the LQS, subject to 5% of that employer's base workforce headcount, and a cap of 50 quota.</p>	
<p>Training of workers which result in job enhancements</p>	<p>The employer must send local workers to one of the training programmes conducted by an economic or educational agency recognised under M-SEP (listed in the column to the right). These training programmes require companies to demonstrate sufficient effort in directly training the individual, such as through structured on-the-job training or assigning dedicated mentors, that will result in job enhancements.</p> <p>Job enhancements could include promotion with wage increment, expanding job scope or higher-level responsibilities. Trainees can be a new hire or an existing worker.</p> <p>Eligible employers may be allowed one M-SEP quota per worker committed to training, subject to 5% of the employer's base workforce headcount, and a cap of 50 quota.</p>	<p>Economic Development Board: signed Letter of Award and details of trainees at the point of submission for Accelerated Pathways for Technicians & Assistant Engineers (Manufacturing) Grant</p> <p>Institutes of Higher Learning, supported by the Ministry of Education and SkillsFuture Singapore: signed Letters of Offer and Certificates of Completion for the following:</p> <ul style="list-style-type: none"> • Work-Study Degree (WSDeg) in-employment upgraders • Work-Study Diploma (WSDip) • Work-Study Post-Diploma (WSPostDip) • Work-Study Certificates (WSCerts) <p>(Pending completion of training, employers may instead provide the On the Job Training logbook that captures trainees' training progress.)</p> <p>Workforce Singapore: screenshot of successfully approved application from the Application Management System for the Redeployment/Job Redesign Reskilling Career Conversion Programmes, and a signed Letter of Offer for the Capability Transfer Programme</p> <p>Maritime and Port Authority of Singapore: signed Letters of Offer for the following:</p> <ul style="list-style-type: none"> • Maritime Leadership Programme • Global Talent Programme • Maritime Cluster Fund – Manpower Development (Management Associate)



<p>Achieving recognition as an industry leader with training excellence</p>	<p>The employer must participate in at least one of the qualifying programmes, such that it:</p> <ul style="list-style-type: none"> • Benefits the sector at significant scale, such as in filling critical skill gaps or manpower shortages for the sector • Is recognised for having excellent established workplace learning structures to support business growth and strategies <p>Eligible employers may be allowed additional S Pass and Work Permit quota, up to 5% of their base workforce headcount, capped at 50 persons per firm.</p>	<p>Nanyang Polytechnic: National Centre of Excellence Platinum/ Gold Award Certificate awarded to employer</p> <p>SkillsFuture Singapore: signed Funding Agreement between SkillsFuture Queen Bees and SkillsFuture Singapore indicating the funding period and committed deliverables to be achieved within the period (e.g., number of enterprises adopting SkillsFuture Singapore supported training programmes)</p>
-----------------------------------------------------------------------------	---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

M-SEP application considerations

M-SEP application

MOM requires all employers to first utilise their existing DRC and/or S Pass sub-DRC quotas prior to applying for additional quota under M-SEP. In other words, employers should not apply for M-SEP flexibility without having already drawn down their mainstream Work Permit or S Pass quota.

For the second condition of supporting local workforce development, employers will additionally be expected to submit supporting documents to demonstrate that they have met these commitments at the end of the M-SEP support period.

Each M-SEP application is based on an individual Central Provident Fund (CPF) account. Where an employer requires additional S Pass and Work Permit quotas across its different business activities, the firm should submit separate applications for each CPF account. The employer should ensure that each of these individual applications fulfils the necessary conditions.

MOM expects to provide its response to the outcome of an M-SEP application within four weeks from the date of submission, with submission of the requisite supporting documentation.

The employer will also be required to declare its adherence to its commitments for the duration of the M-SEP support period and commit to maintaining its local workforce share at the end of the support period. Applicants should also note the MOM's caution that M-SEP is a new scheme with applications to be assessed individually by the relevant economic agencies. The MOM will require sufficient time to facilitate a thorough assessment of an employer's eligibility for M-SEP, and the specific quantum of support it is eligible for.

On approval, the successful employer may exercise the flexibility to hire the additional S Pass or Work Permit holders, for the duration of the support period listed in the approval letter. During this support period, the MOM will not allow employers to apply for additional M-SEP support in the form of a second tranche of M-SEP quota that will run concurrently with the first tranche.

Employers who have successfully obtained M-SEP support are required to meet the training or hiring commitments even if they do not end up utilising the M-SEP support.

M-SEP renewal

An employer who does not participate in any of the qualifying initiatives under the first condition (supporting strategic and key economic priorities) or fails to adhere to the other programme commitments will not be able to renew its M-SEP support.

MOM encourages employers to apply for the renewal of their M-SEP support early, at least four months prior to expiry, and prior to applying for the renewal of their M-SEP-tagged employees who they wish to retain. Upon successful renewal of M-SEP, employers can then apply for a renewal of their M-SEP-tagged employees.

Employers should continuously track their commitments to ensure that they are on track to fulfil their commitments by the end of the M-SEP support period, compiling such tracking data as the number of workers that they had sent for training programmes, with demonstrable job enhancement outcomes.



Employers anticipating that they would require more time to meet their commitments should reach out to their supporting economic agencies early prior to applying for the renewal of M-SEP. The MOM will not consider any appeal for extension in the last four months leading up to the firm's renewal.

Where an employer's M-SEP renewal is unsuccessful, the MOM will expect the employer to comply with the prevailing DRCs and S Pass sub-DRCs upon the expiry of its M-SEP support. Employers that have exceeded their DRC or S Pass sub-DRC will not be able to renew the work passes of foreign workers or hire new foreign workers. However, the MOM will allow these employers to retain the foreign workers above the DRC/S Pass sub-DRC until their work passes expire, to avoid disrupting existing operations.



Contact Us



Celeste Ang

Principal

Celeste.Ang@bakermckenzie.com

Kelvin Poa

Principal

Kelvin.Poa@bakermckenzie.com

Ng Zhao Yang

Local Principal

Zhao.Yang.Ng@bakermckenzie.com

Averill Chow

Associate

Averill.Chow@bakermckenzie.com

© 2023 Baker & McKenzie.Wong & Leow. All rights reserved. Baker & McKenzie.Wong & Leow is incorporated with limited liability and is a member firm of Baker & McKenzie International, a global law firm with member law firms around the world. In accordance with the common terminology used in professional service organizations, reference to a "principal" means a person who is a partner, or equivalent, in such a law firm. Similarly, reference to an "office" means an office of any such law firm. This may qualify as "Attorney Advertising" requiring notice in some jurisdictions. Prior results do not guarantee a similar outcome.

