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## Two Years On: The evolving challenges of COVID-19 and key emerging workplace trends

### Contributor

CMS Holborn Asia



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#### Wei Ming Tan

Of Counsel | [weiming.tan@cms-cmno.com](mailto:weiming.tan@cms-cmno.com)

#### Lakshanthi Fernando

Partner/Managing Director | [lakshanthi.fernando@cms-holbornasia.com](mailto:lakshanthi.fernando@cms-holbornasia.com)

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### Introduction

Two years on from the initial outbreak of the COVID-19 pandemic, Singapore's economic outlook is looking much brighter than it was before. In the recent Budget 2022 statement issued on 18 February 2022, Minister for Finance Mr Lawrence Wong (the "**Finance Minister**") announced that Singapore has started the year on a positive note. Having committed close to S\$100 billion in the past two years to support Singaporeans and businesses through the uncertainties of the pandemic, Singapore's resident unemployment rate dropped from 4.1% in 2020 to 3.2% in 2021, i.e. close to pre-pandemic levels. The median income of full-time employed residents also grew by around 1% in 2021, after a decline of 0.4% in 2020. The government expects the economy to grow by at least 3 to 5% in the new financial year.

All of this appears to be anchored by the fact that Singapore enjoys one of the highest vaccination rates in the world, and has invested in access to a wide range of booster and treatment options that would ensure the nation's COVID resilience in the months ahead. Against this background, we look at some of the new measures and policies being rolled out as Singapore enters into a new phase of living with COVID-19 as an endemic.

### Support for Enterprises and Sectors Hit by COVID

In good news for small and medium enterprises ("**SMEs**") and industries hardest hit by the pandemic – such as the Food & Beverage ("**F&B**"), Retail, Tourism and Hospitality sectors – the government announced that it will provide targeted assistance through a S\$500 million fund injection from the Jobs and Business Support Package. SMEs in the eligible sectors will receive a payout of S\$1,000 for each local employee, up to a cap of S\$10,000 per firm. Local sole proprietors, partnerships in eligible sectors, Singapore Food Agency (SFA) licensed hawkers, and market and coffeeshop stallholders who do not hire local employees will also each receive a S\$1,000 payout. The Jobs Growth Incentive was also extended by another six (6) months to September 2022, with coverage extended to those facing difficulties finding employment; in particular mature workers who have been unemployed for six months or more, persons with disabilities, and ex-offenders.

The government has also set aside S\$600 million for the Productivity Solutions Grant (PSG), to aid SMEs in implementing digital and automation solutions. Larger local enterprises will enjoy more bespoke assistance via a new initiative known as the Singapore Global Enterprises (SGE), to aid them in the areas of innovation, internationalisation and fostering of partnerships with other firms.

In the meantime, the aviation industry will continue to enjoy targeted assistance from the government, with the aim of preserving and enhancing the nation's status as an international aviation hub. This arrives in the form of the S\$500 million OneAviation Resilience Package, which will enable the sector to increase core capabilities and the capacity to manage increased traveller volumes. The package will provide manpower support; support to enable safe air travel and the protection of aviation workers and the wider

community; and workforce transformation support. In particular, aviation companies will receive employee wage support via an extension of the Aviation Workforce Grant, which will cover 10% of the salaries of local employees from April to September 2022, subject to a cap of S\$4,600 of gross monthly wages per employee. The Ministry of Transport will also continue to defray the cost of implementing public health and safe management measures at the two national airports, Changi International Airport and Seletar Airport. In a relatively positive forecast, the Civil Aviation Authority of Singapore (CAAS) has also projected air passenger volume to recover to up to 50% of pre-pandemic levels by this year.

### **Adjustments to Foreign Work Pass Policies**

While Budget 2021 emphasised the need to maintain a Singaporean Core in the national workforce, Budget 2022 sees the government renewing its commitment to bring in foreign manpower and professionals to enhance Singapore's global competitiveness and to create more jobs and careers for the local workforce.

To this end, the foreign manpower policy framework will be updated. As a start, the minimum qualifying salary for new Employment Pass ("EP") applicants will be raised from the current S\$4,000 to S\$5,000 starting from September 2022. This will ensure that incoming EP holders are comparable in quality to the top one-third of Singapore's local PMET (professional, managerial, executive and technical) workforce. The qualifying salary will be raised from S\$5,000 to S\$5,500 for those in the financial services sector, who tend to command higher salaries as a norm. The qualifying salaries for older EP applicants, which increases progressively with age, will also be raised in tandem. The adjustments will only apply to EP renewal applications from September 2023 onwards to give businesses time to adjust to the changes.

The same will happen for S Pass applicants, with the minimum qualifying salary for new S Pass applicants raised from S\$2,500 to S\$3,000 from the same period. A higher minimum qualifying salary of S\$3,500 will apply to S Pass applicants from the financial services sector. The minimum qualifying salary will continue to be raised again in September 2023 and September 2025 respectively, with the actual salary figures to be announced closer to the implementation date.

As regards work permit holders, the government's aim is to help transform the construction and process sectors to be "more manpower-efficient" – that is, to rely less heavily on foreign workers than they used to. As such, with effect from 1 January 2024, the Dependency Ratio Ceiling (DRC) will be reduced from the current 1:7 to 1:5. The present Man-Year Entitlement framework will also be replaced with a new levy framework to encourage companies to support more offsite work and to employ higher-skilled work permit holders.

In his Budget statement, the Finance Minister emphasised that Singapore will continue to "welcome talent from around the world", with the above adjustments more applicable to the broad middle of the workforce. At the top end of the workforce, Singapore intends to continue to bring in professionals with the right abilities – in particular, those with skills in shortage – "to be part of Team Singapore" and to ensure better complementarity between the foreign and local workforce.

### **New Safe Management Measures from 29 March 2022**

With the cresting and subsequent subsiding of infection rates of the Omicron variant locally, the government also made several bold moves towards the re-opening of the nation. In a televised national

address on 24 March 2022, Prime Minister Lee Hsien Loong ("**PM Lee**") announced a host of measures to usher in a new era of "living with COVID-19". In particular, PM Lee reflected on the resilience of Singapore's healthcare system, and alluded to the fact that the overwhelming majority of the local population had been fully vaccinated and received the booster shot.

In relation to workplace safe management measures ("**SMMs**"), from 29 March 2022 onwards, up to 75% of employees who are able to work from home can be at the workplace at any point in time. This is a radical change from the previous COVID SMMs issued in 2020 and 2021, which had advised employees who are able to work from home to do so as far as possible, followed by a gradual opening of the workplace to allow up to 50% of employees to be present at any point in time.

Employers are required to continue to ensure that employees who are onsite physically at the workplace continue to wear masks when they are indoors, and to maintain 1 metre distance between groups of ten (10) persons in mask-off settings. Wearing masks outdoors is now optional, with the risk of outdoor transmission significantly lower. Social gatherings among employees at the workplace are once again permitted, if these requirements are adhered to.

Employers are also permitted to organise events, including social events such as corporate dinner-and-dance, subject to ensuring that such events are compliant with Vaccination-Differentiated Safe Management Measures (VDS) – that is, all attendees must be fully vaccinated, or have recovered from COVID-19 in the past 180 days, or be medically ineligible for vaccination. The requirements relating to the maintenance of 1 metre distance between groups of 10 continue to apply in mask-off settings, while mask-on events with more than 1000 attendees must ensure that they are not filled to more than 75% of the capacity limit.

The changes in workplace SMMs are accompanied by the opening of Singapore's borders, with COVID testing and quarantine requirements significantly relaxed for travellers both going abroad and returning to Singapore. Most restrictions for fully vaccinated visitors entering Singapore are also lifted, with the hope that this will lead to an increase in tourism numbers.

### **Increased Focus on Mental Well-Being of Employees**

The COVID-19 pandemic has also precipitated an increase in focus on the mental well-being of employees. A Singapore Mental Health Study conducted between 2016 – 2018 found that 1 in 7 people in Singapore experienced a mental disorder in their lifetime, as compared to 1 in 8 people in the same study conducted in 2010. Perhaps unsurprisingly, studies done by the World Health Organisation (WHO) have shown that work stressors were among the key factors contributing to poor mental health. To ensure that the lessons learnt are embedded into Singapore's healthcare and social support system, the Singapore government has established an Interagency Taskforce on Mental Health and Well-Being to coordinate efforts across public agencies and other stakeholders to enhance and integrate mental health and social services in the community.

The pandemic has inevitably contributed to a negative impact on mental health and well-being, with drastic changes in workplace measures within short periods of time leading to increased work stress among employees. Recognising that a negative working environment can pose significant physical and

mental health challenges to employees, the Tripartite Alliance for Fair & Progressive Employment Practices ("**TAFEP**") published the Tripartite Advisory on Mental Well-Being at Workplaces ("**Advisory**") to provide practical guidance on measures employers can adopt to support their employees' mental well-being, and resources that employers, employees and the self-employed can tap on to improve their mental well-being. Amongst other things, employers are encouraged to raise their employees' awareness on mental health issues, provide access to third-party counselling services, conduct training for supervisors to spot signs of distress, and regularly review their HR (human resource) policies to ensure organisational practices are consistent, non-discriminatory and merit-based. There are also quick tips on how best to create a healthy, sustainable work environment when working from home. The Advisory also contains resources and links provided for the training of mental well-being at the workplace, as well as information on online or phone counselling service providers.

### **TAFEP Guidelines to have Force of Law**

The increased focus on employees' mental health follows PM Lee's earlier announcement at the National Day Rally in August 2021 that the TAFEP guidelines will soon have the force of law. A new workplace discrimination tribunal will be established to eradicate workplace discrimination based on nationality, gender, age, race, religion and disability. The expansion of TAFEP's powers through legislation provides welcome protection for employees in the face of discriminatory practices from errant employers. Employers are strongly recommended to familiarise themselves with the TAFEP guidelines before the new anti-discrimination legislation is introduced later in 2022.

### **Conclusion**

According to data compiled by the Ministry of Trade and Industry, Singapore's overall employment rate during the pandemic has remained relatively low notwithstanding the large employment losses sustained over the past two years. As of September 2021, Singapore's overall employment rate of 2.6% was lower than that of some of the world's major economies, including the United States (4.8%), United Kingdom (4.6%), Hong Kong (4.5%), Germany (3.4%), South Korea (3.0%) and Japan (2.8%). This is testament to the nation's adroit handling of the pandemic over the past two years.

The low unemployment rate was partly cushioned by the exit of non-resident workers from Singapore's labour force during the downturn, and buffered by the availability of employment opportunities as the economy continues to recover. The holistic economic measures introduced in Budget 2022 and the coordinated efforts of the multi-ministry taskforce and government agencies mean that Singapore can look forward to a fairly robust financial year in 2022. While the welfare of the Singaporean Core remains paramount, there appears to be an increased focus in re-opening the nation's borders to the foreign labour force and visitors, with Singapore preparing for its 'new normal'.

## Contributors

**Wei Ming Tan**  
Of Counsel

[weiming.tan@cms-cmno.com](mailto:weiming.tan@cms-cmno.com)



**Lakshanthi Fernando**  
Partner/Managing Director

[lakshanthi.fernando@cms-holbornasia.com](mailto:lakshanthi.fernando@cms-holbornasia.com)

