



Towards a Vibrant Civil Society

Think Centre: 2015 Labour Day Message

Think Centre highlights the need to develop regulations and implement minimum wage in all sectors of the economy to ensure that the needs workers and their families are taken care of, and to reduce the gap between the rich and poor. The government needs to harmonize our domestic Labour Law with International Labour Standards to provide decent work for all workers as we prepare ourselves for the ASEAN Economic Community (AEC).

Think Centre urges the government to reduce inequality by introducing a national minimum wage policy to identify officially those families and individuals that earn less than S\$1500 per month and actively put in place mechanisms to help them. The government should stop ignoring calls to officially recognize poverty in the country. The country has one of the world's highest GDP but also the largest Gini coefficient, we need to admit that poverty is absolute and not relative in a country that has one of the highest living cost in the world. The National Wages Council (NWC) developing its annual wage and wage-related issues should seriously consider heeding its past chairman's advice to raise the lowest wages.

Minimum Wage is necessary to ensure decent and dignified living

50 years of single-minded focus on economic development has made it almost impossible for a large segment of workers to find decent work and provide for their families. Most Singaporeans work amongst the longest hours in the world. Wages remain depressed and stagnant for many while companies continue to increase their profits. Struggling families in Singapore are made to depend on government subsidies and rebates, for their basic needs e.g. GST vouchers, subsidy for wages, subsidies for health-care, subsidies for housing, rebates for utilities, vouchers for transport fares, handouts for pocket money for their school going children etc.

The workers and their families are also made to feel helpless and undignified when they apply for social assistance. By being forced to be dependent on the government for support, they are not free to speak their minds and have to be submissive in case they fall into the officials bad books. Ministers and civil servants are earning some of the highest salaries, yet they refuse to share the country's wealth to alleviate the suffering of the lower segments of society. They continue to give generous subsidies to the business sector which clamour for more subsidy schemes to benefit them.

Many Singaporeans earn less than \$1500 to support their families

The 2011 Central Provident Fund's Annual Report which included the distribution of the monthly wages of Singaporeans revealed that 458,257 Singaporeans were earning less than S\$1,500 per month. And 1 out of 7 citizens in this country earns less than \$1,000. Thus, with such low wages, most Singaporeans only have an average of \$55,000, which is a third of the CPF Minimum Sum. Belated recognition of this gap saw the government recently announcing universal health insurance scheme i.e. "MediShield Life Scheme" that is supposed to provide subsidies to help the elderly and lower-income people.

The 2012 Budget also saw the introduction of the Workfare Income Supplement (WIS) scheme to top up wages of low-income workers and the one-off Workfare Special Bonus to support the working poor Singaporeans (lower-income) population of 400,000 or 30 per cent of the income earners. In 2013, despite working full-time, 294,364 Singaporean citizen and permanent residents, were still earning less than S\$1,500 a month (excluding the employer CPF contributions). These piecemeal and ad hoc remedies do not narrow the income gap in a sustainable manner nor does it work to meet the basic needs of the lower income families.

According to the World Bank definition, the poverty line could be "set at 50 percent of the country's mean income or consumption". With the average monthly income of a Singaporean at S\$4,622 (2013), as such, the poverty line in Singapore therefore could be set at S\$2,300. According to the 2013 updated WIS support in Singapore, those working and earning less than S\$1,900, about 21% or around 480,000 working Singaporeans or over 238,000 households had been expected to qualify. The government aims to help these lowest earning households and individuals yet they are living well below the poverty line in 2013!

According 2012 joint report by the International Labor Organization, the Organization for Economic Cooperation and Development, the International Monetary Fund and the World Bank said setting minimum pay at 30% to 40% percent of median wages sustains consumer spending, reduces poverty and shrinks income inequalities. With the median gross monthly income of a full-time employed Singapore resident in 2014 standing at S\$3,770, a minimum wage should be set at S\$1,500 to fully complement any assistance schemes by the government.



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Yet the proposal for minimum wages has continually been rejected without consideration for the needs of many of the Singapore families. Many families still face the challenge of survival if the key income earners lose their jobs. Not only is one life affected but the entire family and risk having their house repossessed by the HDB or banks. Household debts have also been known to increase in the past few years.

Incidentally, in 2012, there were 467 suicides reported, compared with 361 reported in 2011. More young people are committing suicide as of 2012, 83 young people (56 men and 27 women) between 20 to 29 years of age. This is an 80 per cent increase from 46 in 2011. The common problems for this age group are stress in life and interpersonal relationship issues resulting from unemployment, stress over studies or work, financial worries, family life, struggles with social interaction and feelings of loneliness.

A Gallup poll in 2012 revealed that Singaporeans are some of the unhappiest in the world despite the country's sustained posting of one of the highest GDP globally. The lack of decent income and job security, along with inadequate social support could be contributing factors to the unhappiness of citizens. Many workers and their families continue to face tough challenges that prevent them from enjoying dignified working and living conditions that everyone deserves.

Minimum wage system instead of "survival wages"

The Government needs to implement a minimum wage system to stop businesses from providing merely "survival wages" which are insufficient for decent and dignified living for workers and their families. Many companies exploit the workers to their full advantage while depressing the wages of the workers unfairly.

Think Centre believes that the minimum wage mechanism needs to be instituted without delay in order to protect workers and help them to enjoy a decent standard of living. This will in turn help to strengthen workers' sense of dignity and happiness in the context of a high income gap in Singapore.

We call on the government to lead in removing outdated labour laws that prevent freedom of association, the freedom of expression and the freedom of speech, in order to promote and provide better protection for all workers. We believe that these steps will lead to more equitable and just employment practices.

Many workers have little bargaining power and hence little capacity to deal with unreasonable employers. They have been suppressed by irresponsible employers in terms of depressed wages, unreasonable hours of work, discrimination, and unfair dismissals. To protect the workers adequately, we urge the government to harmonize the Labour Laws with International Labour Standards as reflected in the ILO Declaration which spells out the fundamental principles and rights at work.

Think Centre urges the Government to amend or remove outdated policies to protect the rights of all workers and their families:

1. Introduce a family friendly 40-hour working week;
2. Implement minimum wage policy for all workers;
3. Amend the CPF access rights to withdraw cash upon retirement age and during financial hardships;
4. Remove all limitations on the right to organise workers e.g. Registrar of Trade Unions has excessive powers to refuse or cancel registration to obstruct the establishment of a trade union;
5. Ratify all ILO Core Labour Standards and harmonize national labour law accordingly;
6. Amend the 1973 policy which requires prior permission for locals to marry migrant workers who hold work permits. Instead, migrant workers who have resided in Singapore for at least 2 years should be free to marry locals.

Think Centre would like to wish all workers and their families a happy Labour Day. Let us all commemorate the day in solidarity with millions of workers around the world. No matter where we live, whatever we do, this is an important day to celebrate the achievements of the workers struggle for the 8-hours work-day in the 1880's, a day to reflect on the lessons and a reminder to continue our solidarity to improve our livelihood.

Together in Solidarity with All Workers! Majulah Singapura!