

SPEECH BY MR ONG PANG BOON, MINISTER FOR LABOUR,
FOLLOWING OPENING OF THE FOURTH PARLIAMENT
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Mr Speaker, Sir, I would like to take this opportunity to elaborate on some of the more important aspects of labour policies which are outlined in the Addendum to the Address.

We do not have natural resources or a big enough domestic market. Our continued wellbeing depends on our ability to attract foreign investments and to sell our goods and services abroad. We were able to do this in the late 60's and early 70's aided by a favourable international economic situation. As a result we achieved double digit economic growth rates and enjoyed the benefits of successful development. Jobs were created. Wage increases were announced by the National Wages Council. There were increases and improvement in social services.

The international economic environment has grown difficult. With the more than quadrupling of oil prices and fear of inflation, the industrial nations of the West have aimed for a modest growth rate of 5% per annum till the end of the 70's. The unemployment rates in these countries are expected to remain high. In 1976, the world economic recovery slowed down. Though the US, Japan and West Germany have announced their intention to stimulate their economies, the international economic situation for 1977 remains uncertain.

OECD countries are our main sources of investments. They are also our important trading partners. Given the economic problems in these countries, investments will be difficult to come by. Furthermore, we will have to face competition for investments from our competitors like South Korea and Taiwan. Our competitors will also be marketing products and services in competition with us in these and other countries.

Given increased difficulties in getting foreign investments and increased market competition and the need to find jobs for the 26,300 school leavers who will be entering the labour force each year for the next few years, policies to maximise our ability to

persuade local and foreign capital to set up factories here and for overseas markets to buy our goods and services are called for. Where labour is concerned, it is in their long term interest that unions help to maintain industrial peace and pursue realistic wage and fringe benefits demands.

Across-the-board wage increases and increases in the range and quantum of fringe benefits would not be possible in the immediate period ahead. Wage and other increases have to be tied to higher productivity. It is a tribute to the trade union leadership that it has moved in this direction. In the 1975/76 National Wages Council session, the union leadership has accepted full-offsetting of built-in annual increments and a freeze on fringe benefits. The National Wages Council will look into the question of offsetting of not only annual increments but all forms of increases in remuneration.

Two aspects of wage policies attracted considerable publicity recently. One related to the payment of annual wage supplement. Honourable Members will no doubt recall that in April 1972, the National Wages Council, in an effort to end multitudinous disputes over bonuses and to provide for orderly wage increases, recommended that employers be given the option of choosing either an Annual Wage Supplement (AWS) plus Annual Bonus or Annual Wage Increase plus AWS. It also recommended the freezing of the levels of the AWS. For those who had paid bonuses of a month's wages or more before, the AWS would be calculated on the average of the bonuses of the last 3 years or the last annual bonus, whichever was higher, subject to a maximum of 3 months' wages. The only variation allowed was a decrease in the AWS when trading results or productivity diminishes significantly. For those who had not paid bonuses or paid them at less than one month's wage, the AWS should not exceed one month's wage. The annual bonus paid under the first option was negotiable subject to a maximum of 3 months wages. These NWC recommendations were incorporated in an amendment to Section 46 of the Employment Act which were debated and approved in this House and became operative in July 1972. However, it was subsequently found that firms could still legally pay AWS in excess of the frozen quantum. On 26 Dec 75, Section 46 was further amended to make it mandatory for employers and unions to observe the frozen levels of AWS. At

the same time, provision was made for employers to make additional payments subject to a maximum of 3 months' wages with the written prior consent of the Minister for Finance.

The Honourable Member for Bukit Ho Swee has suggested that employers be allowed to pay AWS up to a maximum of 3 months' wages without having to apply for Government approval and that unions be given the right to request for higher AWS if employers made substantial profits. These proposals will mean a re-opening of negotiations on additional AWS payments in the case of many firms whose frozen quantum of AWS is below 3 months' wages. This will be contrary to the objective of the Government's wage policy of reducing disputes over bonuses in the form of AWS and providing for orderly wage increases largely through the form of NWC wage guidelines. It will also not be appropriate given the uncertain and more difficult future ahead of us.

According to a survey of 2,016 firms conducted last year by my Ministry, 168 firms, employing 25,192 workers, were found to have been paying AWS in excess of the frozen quantum. Firms which have not been paying additional AWS in the past should continue to pay only the frozen amount of AWS. The problem lies with those who have paid above the frozen levels in the past. In the interest of industrial relations, the Government has allowed these companies to maintain the 1975 level of additional AWS payments if they continue to make profit in the year of application. If, however, in 1976 or subsequent years, such companies incur losses, no additional AWS payment will be allowed and they will therefore pay only the frozen amount of AWS. This is a reasonable solution to the problem of those who have paid additional AWS contrary to the AWS policy laid down in 1972.

The other aspect relates to fringe benefits. The last NWC session had recommended a freeze on the range and quantum of fringe benefits for existing companies and the provision of the minimum in the Employment Act for new companies. There had been press reports that some employers had tried to take advantage of the present situation by withdrawing accustomed fringe benefits from their employees after they have joined a trade union. My Ministry considers such actions anti-union and contrary to the spirit of

tripartism which has been the foundation of our industrial harmony. Unless there are very good reasons, the same fringe benefits should be paid as before unionisation. A freeze on fringe benefits is a good first step. The subject needs further deliberation by the NWC. Fringe benefits need to be rationalised and bizarre ones or those which are not conducive to our economic growth should be discontinued.

Our workers will need to be conscientious and disciplined. They must strive for higher skills and competence in the years ahead to enable Singapore to achieve a comfortable level of economic growth in the midst of a less promising future of the world economy. The practice of job-hopping among our young workers must be curbed. In most cases, job-hopping among our workers can be attributed to their lack of dedication and professional pride in their job and their impatient pursuit for higher monetary rewards and rapid promotion. As a measure to discourage job-hopping for frivolous reasons, the National Wages Council will be considering whether employees who job-hop should enjoy the full wage increase recommended. Several Honourable Members have spoken on job-hopping. Their concern and reservations on the matter will be taken fully into account by the Council when it deals with the subject. I have also no doubt that in making its recommendations, the Council will be mindful of those workers who changed jobs because of a genuine search for opportunity to improve their skills. Monetary disincentive at best will alleviate the problem to some extent. The long term solution lies in employers taking more initiatives in building up a stable workforce through better motivation and concern for their workers.

Our entrepreneurs and managers must also play their part in preserving and improving our competitiveness. They must pursue more aggressive marketing policies. They must seek more determinedly to improve the productivity of their firms. The onus of raising productivity rests with management. Despite such encouragement on the part of the Government, not much progress has been made in this field. Part of the problem seems to be that both employers and unions do not know very much of the subject beyond the desirability of the principle of higher productivity. The Honourable Member for

Boon Lay himself has said he does not know what is productivity. One can assume that members of the public know even less about the matter. The National Productivity Board will have to do more promotional work in the field of productivity. Productivity means how well one use our resources whether it is capital, labour, materials or machinery, to produce goods and services. An increase in productivity can result from using the same amount of resources but getting increased output or value of services provided. Alternatively, you may get higher productivity by producing the same amount of goods or value of services with reduced amount of resources. Productivity increases can be obtained through better or more efficient use of either one or more of the resources used for production. Thus, management can be improved, the technology used upgraded or labour induced to give off their best. //

The National Wages Council has been grappling with this problem during its last few sessions. It has come to the correct conclusion that while it can exhort employers and unions to higher productivity, productivity guidelines should be worked out at the plant level. I have been informed by the National Productivity Board that areas for productivity improvement in our firms are many. Employers should initiate action to make better use of the resources of their firms. If they have difficulties in this regard, the National Productivity Board will provide the necessary assistance. The Board can train managers, supervisors and workers in modern management techniques and systems. It also has a team of experienced consultants who can provide technical advice to companies to improve their methods and quality of production and their marketing and financial systems.

Management should also work out productivity incentive schemes. The benefits of higher productivity must be shared between employers and workers. This having been said, it should be recognised that schemes to increase productivity will have to be worked out, implemented, and positive results achieved before incentive schemes are drawn up. The demand by union for incentives as a pre-condition to increase productivity is the other reason why employers have adopted a lukewarm attitude towards any productivity scheme.

In opening the NTUC Seminar on "Maximising the Benefits of Productivity", at the Trade Union House on 29th October 1976, Mr Devan Nair, Secretary-General of NTUC advised the participants that productivity programmes must precede incentive schemes, not vice versa, and that a more rewarding strategy for trade unions will be to get productivity programmes going, make them yield results, and then proceed to the negotiating table with confidence, and self respect. I would like to commend the MP's who have spoken on this subject in this House as well as the unionists outside to take note of their leader's advice. Nevertheless, it is gratifying to note that a number of companies have on their own initiative implemented productivity incentive schemes. Again the National Productivity Board will provide the necessary assistance to firms which may have difficulties in setting up such schemes. The Board has a corps of industrial engineering consultants who are experienced in setting up standards of performances which are basic to productivity incentive schemes.

Mr Speaker, Sir, last year the state of industrial relations remained stable and harmonious. There were fewer number of strikes and other forms of industrial actions than the previous years. A total of 4 strikes and 10 minor work stoppages occurred in 1976 as compared with 7 strikes and 19 minor work stoppages in 1975. The conclusion to be drawn from this happy situation is that tripartism is progressing and collective bargaining is working in Singapore.

To meet the challenges ahead, it is vital that we improve on the practice of industrial relations so as to achieve greater industrial harmony. This requires the joint efforts of labour, management and the Government. My Ministry will further improve its industrial relations services by adopting a more alert and positive approach to the prevention and settlement of industrial disputes. Priority will be given to the setting up of a departmental Labour Service to build up a corps of experienced labour and industrial relations officers. At present, almost all the officers in the Ministry are from the common user grades and, as part of their career development, they are subject to external postings after a short period on the job. Officers who have the inclination

and flair for such work and the requisite experience are not able to remain long enough to establish close rapport with both management and unions alike, and to pass on their experience to the younger officers. Furthermore, common user officers may not have the necessary aptitude for such work. With a departmental service, the problems associated with an open service will be avoided. Only suitably qualified persons and those who wish to make the Labour Service their career will be recruited and trained. The Ministry of Finance is now working out with my Ministry the details of the Scheme. The Scheme is intended to cover 21 Division I officers, 56 Division II officers and 70 Division III officers. There is, therefore, good prospects for advancement within the Labour Service.

The trade unions had in the past 17 years made invaluable contributions towards the achievement of the national economic and social objectives. They could be counted upon to take the initiative to work for better mutual communication with management and inject greater professionalism among the second and third echelon union leaders. Through training, they will approach labour-management relationships from a co-operative, not combative, position and conduct negotiations with moderation and an acute awareness that national interests must not be sacrificed. As regards the third partner in the tripartite partnership, some of them will have to discard the obsolete concept of industrial confrontation vis-a-vis the union. Personnel mismanagement in the form of adoption of inflexible and insensitive approach to labour-management problems and taking a too rigid stand on managerial prerogatives must be corrected. In many undertakings, systematic procedures for communication will have to be set up and there should be more consultation between employers and employees. Through better communications, company loyalty can be evolved and misunderstandings leading to disputes can be avoided.

Mr Speaker, Sir, with our dependence on trained and productive manpower, optimal utilisation of our labour force must always be our goal. Not only is it important for our workers to acquire skills, utmost efforts must be taken to preserve and safeguard our human resources. The problems of safety and health attendant on our rapid industrialisation have been identified by my Ministry and over the last few years, my Ministry has, contrary

to the impression created by the statement of the Honourable Member for Potong Pasir, devoted considerable effort and time to improving the industrial safety and health of our workers.

Activities were organised to promote greater safety and health consciousness on the part of both managements and workers. Three campaigns covering all factories, the construction industry and the shipbuilding and repairing industry respectively and one safety month for the wood-working industry have been held so far. A monthly publication entitled "New Worker" on the problems relating to safety and health was started in 1973. The Ministry also laid down comprehensive standards of industrial safety and health. The Building Operations and Works of Engineering Construction Regulations was enacted in 1971. A new Factories Act was brought out in 1973. The Factories Act will be amended shortly to provide for enhanced penalties for contraventions of safety provisions which are likely to result in the death of or bodily injury to workers. A code of practice and a guidebook were issued in 1974 for construction work-sites. Guidebooks were issued on various aspects of safety and health. In 75 a guidebook on safety in shipyards and on fire and explosions were published. Those on power presses and fork-lift trucks were released in September and October 76 respectively. In 73, a guidebook on silicosis was issued. This was followed by others - industrial dermatitis and noise-induced deafness in 1975, and hearing conservation and compressed air illness in November 76. A van was commissioned in May 76 to provide audiometric tests to workers. A tripartite study group on accident prevention in shipyards was set up in 73 and a tripartite advisory committee appointed in 75 to assist in the implementation of its recommendations. An advisory committee on the construction industry, which included representatives of developers and contractors, was established in 73. Furthermore, to improve safety administration in factories, the Ministry enacted legislation requiring the setting up of safety committees and the appointment of safety officers. Training programmes were also organised for safety personnel, supervisors and workers, and industrial first aiders and nurses.

The Ministry also expanded its Factory Inspectorate from a total establishment of 36 inspectors in 1973 to 55 inspectors in 1976. The Factory Inspectorate stepped up its enforcement by

increasing the number of worksite and factory inspections from 9,995 in 1973 to 11,528 inspections in 1976. Consequently, 8,741 notices of non-compliance were served on occupiers in 1976 as compared to 1,689 notices in 1973.

As a result of these efforts, positive progress has been made in the industrial safety and health situation in our two most accident-prone industries. Using the American Standards Association criteria, the accident frequency and severity in the construction industry in 1973 were 6.9 accidents per million man-hours worked and 3,860 man-days lost per million man-hours worked as compared to the 1976 statistics of 3.0 and 926 respectively. For the shipbuilding and repairing industry, the 1973 accident frequency and severity rates were 16.9 and 2,880 as compared with 11.0 and 1,096 for 1976 respectively. These figures show that the accident rates have declined.

While this decline is satisfying, nevertheless my Ministry is seeking to further improve the industrial safety and health standards in our industry. In absolute numbers in 1976 there were 698 and 1,095 accidents in construction worksites and shipyards respectively as compared with the 1975 figures of 651 and 1,142 accidents. In terms of fatalities, there were in 1976, 32 deaths in the construction industry and 15 in the shipbuilding and repairing industry. The comparative figures for these two industries for 1975 were 36 and 24 fatalities respectively. There is some improvement but more needs to be done especially by the construction industry.

Where the construction industry is concerned, the Housing & Development Board, the largest developer, has agreed to my Ministry's suggestion to set up a safety department and to train its site supervisors in safety. We will concentrate on solving two major types of accidents - falling from heights and being struck by falling objects.

The Honourable Member for Potong Pasir has said that very little has been done to retrain our construction and shipyard workers to cope with the new situation. He might like to know that in addition to campaigns and the supervisors' courses, the Factory

Inspectorate has been conducting safety orientation courses at construction worksites. In addition, a film on hazards in the construction industry to be shown to workers will be ready shortly. In the case of shipyards, some 13,800 workers have so far attended the safety orientation course organised by my Ministry. The Honourable Member has also opined that wooden scaffolding should be replaced by metal scaffolding. This matter has been considered in the past. A committee headed by the Director of Public Works made recommendations in 1972 for the safe use of wooden scaffolding. Its recommendations were circularised to all contractors. Metal scaffoldings, although more stable and mobile, have disadvantages which militate against their usage. In hot weather, they become heated which render them difficult to handle. When it rains, they are slippery and hazardous. But the most important inhibitive factor is one of economics. Metal scaffolds are almost three times more costly than wooden scaffolds. Until the costs of metal scaffolds can be reduced substantially or when we are prepared to accept a significant increase in cost of construction with the consequent increase in rental or selling price of HDB flats, wooden scaffolds will continue to be used for many more years. The Honourable Member has also argued for metal scaffoldings on the grounds that steel girders have to be hauled up to high places. He might wish to know that such girders are usually hoisted up through proper lifting equipment. It is an unsafe practice to pull them up using metal scaffolding. The Honourable Member for Potong Pasir can profitably enrich his knowledge on this subject if he acquires a copy of this report.

In the case of shipbuilding and repairing industry, my Ministry, through the Advisory Committee on Accident Prevention in the industry, will work with shipyards to implement industrial safety and health self-regulating systems as part of their management functions. A consultancy team has been set up to assist shipyards in this and other safety problems. My Ministry is examining a proposal to set up an Occupational Safety and Health Institute to provide training, consultancy and research services. At present, training, consultancy and research are conducted on an ad hoc basis by different bodies. Therefore, an institute to co-ordinate such activities appears necessary especially as we continue to

industrialise and meet other problems of industrial safety and health. A report submitted by an ILO expert on the matter is being examined by my Ministry.

Finally, I agree with the Honourable Member for Potong Pasir that one important technique of accident prevention is analysis of accident statistics. He complained that the statistical data in the Ministry's Annual Report lacks vision and does not allow employers and workers to pin-point the areas that need greatest vigilance. Statistical data on industrial safety in the Annual Report is to give a summary picture of the situation in the year reported on. It is therefore general and not meant for use for specific safety measures by employers or workers. The Honourable Member might like to know that detailed monthly statistics on industrial accidents in construction worksites and shipyards are being maintained and analysed by the Ministry. These statistics and their analysis are supplied to the two Advisory Committees for remedial action. These statistics are also supplied to shipyards and contractors. I might add that any employer or occupier should know the nature and causes of accidents in their own factories or worksites. They need not therefore rely on the Ministry for such statistics as implied by the Honourable Member. However, his proposal that safety committees be required to keep standardised accident frequency and severity rates will be looked into by the Factory Inspectorate.
