



BETTER LIFE FOR ALL



Participating Companies at the Job Fair held in April

Refreshing the Marine Industry

At the NTUC National Delegates' Conference 2011, Secretary-General Lim Swee Say made a call to 'refresh the marine industry' by attracting new local entrants into the industry, in order to maintain the Singaporean Core. The marine industry was labelled as a sunset industry in the mid-1980s as shipyards either carried out massive retrenchments or closed down.

The marine industry has had a strong turn around in the early 2000s. In recent years with the sustained high oil prices and increase in expenditure on oil exploration, the industry turnover has grown from a low of \$3.79 billion in 2003 to an all time high of \$16.83 billion in 2009. The effects of the global financial crisis in 2008/09 took its toll on the industry and turnover dipped to \$13.47 billion in 2010. Despite the global economic, social and political uncertainties in 2011, the industry still managed to rake in \$13.32 billion worth of business last year.

Our workers have been continually more productive but their increments over the years have been slight and their basic salaries have been lagging behind productivity. Basic wage growth is also impaired by the low basic high variable pay structure. As such, Singaporeans have generally shunned the marine industry due to the low basic pay and have opted for better work environment in the city area.

Approach Adopted by Union

Answering SG's call, SMEEU introduced a two-pronged approach to grow the Singaporean Core among our unionized companies. The first approach was to work with e2i, WDA, PME Unit and NTUC Learning Hub to introduce the Productivity Training Roadmap (PTR) for the Marine Industry. The PTR includes a customized Place and Train (PnT) programme for various trades with clear career progression to attract local job seekers and equip them with the requisite skills to be technical workers in the shipyards and machinists in the oil and gas companies.

To be eligible for the PnT funding, companies had to be prepared to adjust their basic starting pay. For rank and file workers the Union has asked for an increase in basic starting pay from between \$1,100 and \$1,350 to \$1,500 for inexperienced rank and file workers. The Union's stand is that the basic salary has to be attractive for workers to choose the marine industry over other jobs that have a less harsh work environment. Job fairs had been organized to help companies attract job applicants under the PnT programme.

The second approach was to negotiate for an across the board adjustment to the existing bargainable workers' basic pay to ensure internal equity. Correspondingly, the salary ranges had to be raised to ensure that those at the salary maximum will benefit from the market adjustment as well.

Productivity Training Roadmap		WDA	NTUC LearningHub
	Machine Specialist	Marine Technical Associate	
Programme	Place-and-Train Programme		
Funding Criteria	<ul style="list-style-type: none"> Starting pay \$1,500 basic salary Structured OJT with bridging course at ITE or other training providers Career progression plan 	<ul style="list-style-type: none"> Starting pay \$1,500 basic salary Structured OJT with bridging course at NTUC LearningHub or other training providers Career progression plan 	
Funding	<ul style="list-style-type: none"> Training allowance of up to \$600/month, cap at 10 months. 90% course fee support up to \$6,300 per person 	<ul style="list-style-type: none"> Training allowance of up to \$600/month, cap at 12 months. 50% course fee support up to \$3,600 per person 	

Productivity Training Roadmap

Recalibration of Wage System

Building Up Basic Pay

Traditionally, the shipyards believe in paying a low basic salary supplemented by high overtime and good bonuses when the company does well. Now, the amount of overtime work every month has been capped at 72 hours due to safety concerns and this has impacted existing workers' take-home pay. With the rising cost of living in recent years, workers need a higher monthly take home pay to meet their daily expenses rather than wait for bonuses at the end of the year. The long working hours is also unattractive to new workers who want greater work life balance.

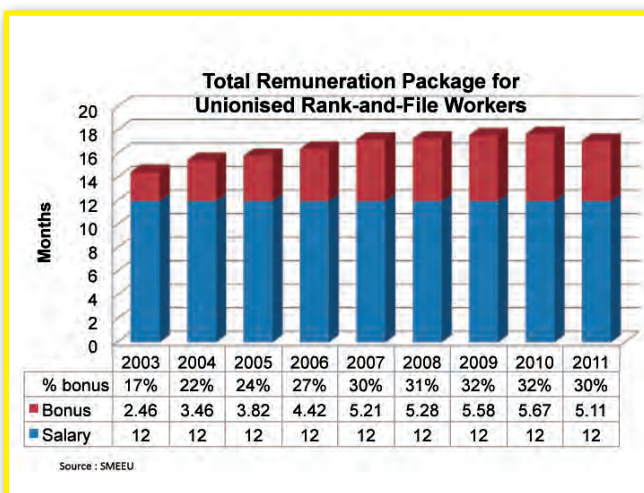
Real monthly basic wage increases in unionized companies had hardly kept pace with the rising inflation over the past four years. Nominal basic wage increases averaged 3.3 percent over the same period while real wages decreased by 0.5 percent.

Riding on the boom in the marine and offshore industries, companies have been giving out high bonuses for the last 4 to 5 years. Today, bonuses account for around 30 percent of a unionized rank and file worker's total pay.

With strong order books until 2019, it is a good time for the companies to consider a wage recalibration exercise to bring the wage structure back to the recommended 70:10:20 flexible wage structure. This can be done through building up the monthly basic pay and lowering the variable payment portion in the total annual pay package.



Annual increment eroded by high inflation



Increasing variability in workers' wage

Some Progress Made on Raising Base Pay

SMEEU has concluded negotiations on basic wage increases with 32 branches as at September 2012. The average basic wage increased among these companies was 6.4 percent. Two of the big branches incorporated an across the board wage adjustment on top of the regular annual increment in a move to restructure their total wages towards a 70:10:20 wage structure comprising of fixed pay, monthly variable component (MVC) and variable payment.

BETTER LIFE FOR ALL

'Range Up' of Salary Ranges

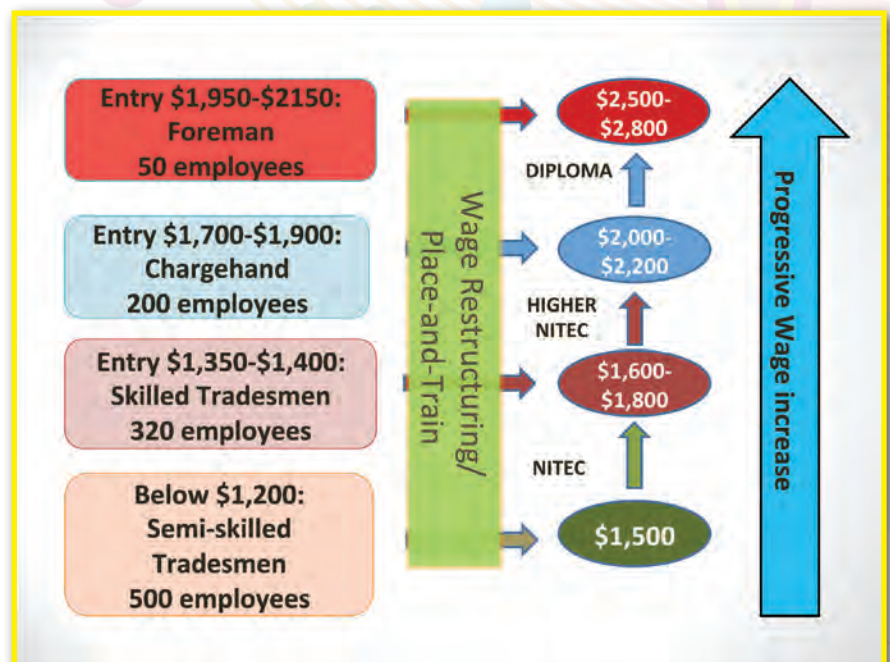
SMEEU has settled negotiations on 6 new collective agreements (CAs) and is in the process of negotiating another 8 new CAs as at September 2012. Revising the salary ranges, especially the maximum salaries, is one of the key focus areas in this round of CA negotiations. Many of our older union members have hit their salary ceilings and with the rising inflation they are effectively suffering a 'wage cut' these few years. Management is generally supportive of moving up the salary ranges particularly in companies where salary ranges had not been adjusted for the last 2 CAs.

Five companies have agreed to move up their maximum salaries and depending on the skill level of the jobs the changes range from 5 to over 30 percent in the new CAs. Another four companies have proposed an entirely new salary range which is more reflective of the type of local workers they intend to recruit from now on.

Adopting a Progressive Wage System

SMEEU has been talking to our management partners to promote NTUC's concept of a Progressive Wage System (PWS) as part of efforts to refresh the marine industry. With progressive wage, the union will set a few wage milestones for bargainable workers in their unionized companies, for example, \$1,500, \$1,800, \$2,200, and so on.

The idea behind the PWS is to keep helping lower wage local workers in the marine industry cross over to the next wage milestone. Skills and productivity would come into play as we help them cross these wage milestones. Under the PWS, the Union aims to work with management to see how to enhance workers' jobs and skills and bring their wages up the wage ladder through productivity improvement, job re-design and Marine Industry Place and Train programmes. The chart shows the wage milestones for the PWS in the marine industry as well as the number of locals we have targeted to move up each rung of the wage ladder.



Progressive Wage System

KEEPING IN TOUCH WITH OUR BRANCH OFFICIALS

Branch Officials Workshop

SMEEU organizes regular dialogues with our branch leaders to hear from them the challenges and problems faced by union members and workers. Annually, the Union organizes a Branch Officials Workshop based on topical issues in a nearby destination to update them on the Union's latest initiatives and to foster bonding among union leaders and staff. The focus of this year's Workshop is on LM2015 and SMEEU's response in the form of the Marine Industry Place and Train Programme.



SMEEU National Wages Council Guidelines 2012/13 Briefing

The Union organized a dialogue with all branch leaders on the National Wages Council Guidelines 2012/13 and explained how the guidelines on the 'percentage + dollar quantum' can be implemented in their respective branches.

