12 November 2021

RECOMMENDATIONS OF THE SECURITY TRIPARTITE CLUSTER ON THE REVIEW OF THE PROGRESSIVE WAGE MODEL FOR THE PRIVATE SECURITY INDUSTRY

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1. OBJECTIVE

1.1 This report sets out the recommendations of the Security Tripartite Cluster (STC) on its review of the Progressive Wage Model (PWM) for the private security industry.

1.2 The members of the STC are listed in Annex A.

2. BACKGROUND

2.1 Since the first STC's announcement in October 2014, the Security PWM has been implemented as a licensing condition under the Police Licensing and Regulatory Department's (PLRD) licensing regime for private security agencies from 1 September 2016. All licensed security agencies must train and pay all resident security officers in accordance with the PWM requirements for their corresponding job roles.

2.2 In November 2017, the STC recommended a six-year schedule of wage increases which comprised (a) fixed dollar quantum adjustments to each PWM baseline wage level from 1 January 2019 to 31 December 2021, and (b) minimum 3% annual increments from 1 January 2022 to 31 December 2024 which is subject to review.

2.3 The STC also recommended the removal of overtime exemption (OTE)[1] for the security industry from January 2021 after monitoring industry movements, changes in shift patterns and streamlining of manpower requirements with the PWM implementation. The removal of OTE is a major step towards reducing excessive overtime hours so that security officers are well-rested and can achieve better work-life harmony without adversely affecting their overall gross salaries due to the reduction in overtime pay.

2.4 In February 2018, the Ministry of Home Affairs (MHA) launched the Security Industry Transformation Map (ITM), with the support of the tripartite partners, to develop a vibrant, technologically advanced and competitive security industry that delivers better security outcomes for Singapore and provides good jobs for Singaporeans. It consists of four strategies, namely (i) push for technology and innovation to transform operating models; (ii) promote best practices in

[1] Prior to 1 Jan 2021, security agencies could apply for an overtime exemption with the Ministry of Manpower if they needed security officers to work above the 72-hour limit on overtime hours a month set out under Part IV of the Employment Act to meet operational needs.

procurement of security services; (iii) align regulatory criteria with the ITM objectives to raise standards; and (iv) invest in skills to support career advancement.

2.5 In support of the Security ITM, the STC reviewed the training and emplacement requirements for the security industry and issued a set of recommendations in November 2018 covering the following:

a) Placing greater emphasis on skills and competencies for progression criteria;
b) Facilitating entry of mid-career entrants with the relevant experience to join the security industry; and
c) Updating the prescribed PWM job functions for better clarity and effectiveness.

2.6 The full details of the previous STC recommendations, which were accepted by the Government, are available at www.ntuc.org.sg/tripartiteguidelines.

3. REVIEW OF THE PROGRESSIVE WAGE MODEL

3.1 As of 1 October 2021, there are approximately 40,000 resident[2] security officers employed by 265 security agencies. Supply of active security officers has steadily increased over the years, but there is still a shortfall in manpower required to meet the increasing demand for security services arising from new buildings being built and safe management measures brought on by COVID-19.

3.2 The shortage of manpower has been a perennial challenge faced by the security industry despite efforts to improve the wages and working conditions of the officers. It is imperative that the security industry optimise the use of security manpower. Service buyers need to start procuring based on desired security outcomes and move away from pure headcount contracts – through conducting proper security assessments, deploying integrated technology-manpower solutions, and deploying skilled manpower to operate the technology.

3.3 In October 2020, the Tripartite Workgroup on Lower-Wage Workers (TWG-LWW) was formed to explore measures to further uplift the wages and well-being of lower-wage workers. This included ensuring that wage growth in PWM sectors continue to outpace median wage growth. The TWG-LWW published its report[3] on 30 August 2021, which was accepted by the Government, and sets out 18 recommendations[4] to uplift lower-wage workers including those in the security sector.

3.4 To accelerate industry transformation and leverage technology for greater push in driving productivity, the STC found it timely and necessary to review the

[2] Refers to Singapore Citizens and Permanent Residents
[3] The TWG-LWW report is available at www.mom.gov.sg/twg-lwwreport
[4] One of the TWG-LWW recommendations include the extension of Security PWM to officers hired by in-house employers. As this provision is not within the current STC's terms of reference, further industry consultations will be carried out before further details can be announced.

Security PWM. This will also help attract more people to join the sector by offering good career progression and job stability.

3.5 To deep dive into the issues confronting the industry, the STC set out two separate workgroups, namely the Regulatory Workgroup and Wage Workgroup to come up with practicable solutions to challenge the status quo and address the various longstanding issues faced by the industry. Both workgroups conducted many rounds of discussions and presented their proposals which subsequently formed part of the STC recommendations. More details of the Regulatory Workgroup's proposal can be found in Annex B.

3.6 The STC's key recommendations are summarised as follows:

a) Following a review of the minimum 3% annual increase announced previously, STC recommends a six-year wage increase of PWM baseline wages from 1 January 2023 to 31 December 2028. The STC will undertake a mid-term review of the wage schedule in 2025;

b) Beyond the annual wage increments, STC recommends for tripartite partners to intensify efforts to raise industry standards and improve the productivity of security officers, through technology adoption and skills upgrading under the Security ITM. Tripartite partners must continue to work with service buyers for more widespread adoption of outcome-based contracting and progressive procurement practices.

c) With the removal of OTE since 1 January 2021, the STC recommends for all key stakeholders to step up engagement and promotional efforts to further reduce overtime hours and improve the working conditions of our officers. STC also calls for strengthened efforts to support progressive security agencies while bringing those who circumvent regulations to task.

3.7 The full details of STC's recommendations are elaborated in the following sections.

4. SCHEDULE OF WAGE INCREASES FROM 1 JANUARY 2023 TO 31 DECEMBER 2028

4.1 The STC had held extensive consultation sessions and sought the feedback and views of various stakeholders including industry associations, service providers, service buyers, sector lead agencies, and the union. The insights drawn from these engagement sessions were deliberated by STC, culminating in a set of recommendations which also took in guidance from the TWG-LWW.

4.2 The STC had considered several factors in its deliberation of the wage recommendations, as follows:

a) Following its 2017 recommendations to review the minimum 3% annual increase from 1 January 2022 to 31 December 2024, the STC has decided

to keep to the 3% increase to the PWM baseline wages for year 2022. This is to take into account that service providers may have existing contracts entered into prior to the latest STC recommendations with contract periods that could stretch into 2022.

b) Given the outsourced nature of private security services, the STC recognised that it is important to provide greater certainty of the PWM wage increases to both service providers and service buyers, and hence recommends a 6-year wage schedule from 1 January 2023 to 31 December 2028. This will allow service providers to factor in the increase in labour costs as a result of PWM wage increments, and for service buyers to adjust their security plans correspondingly. STC will review the wage schedule in 2025.

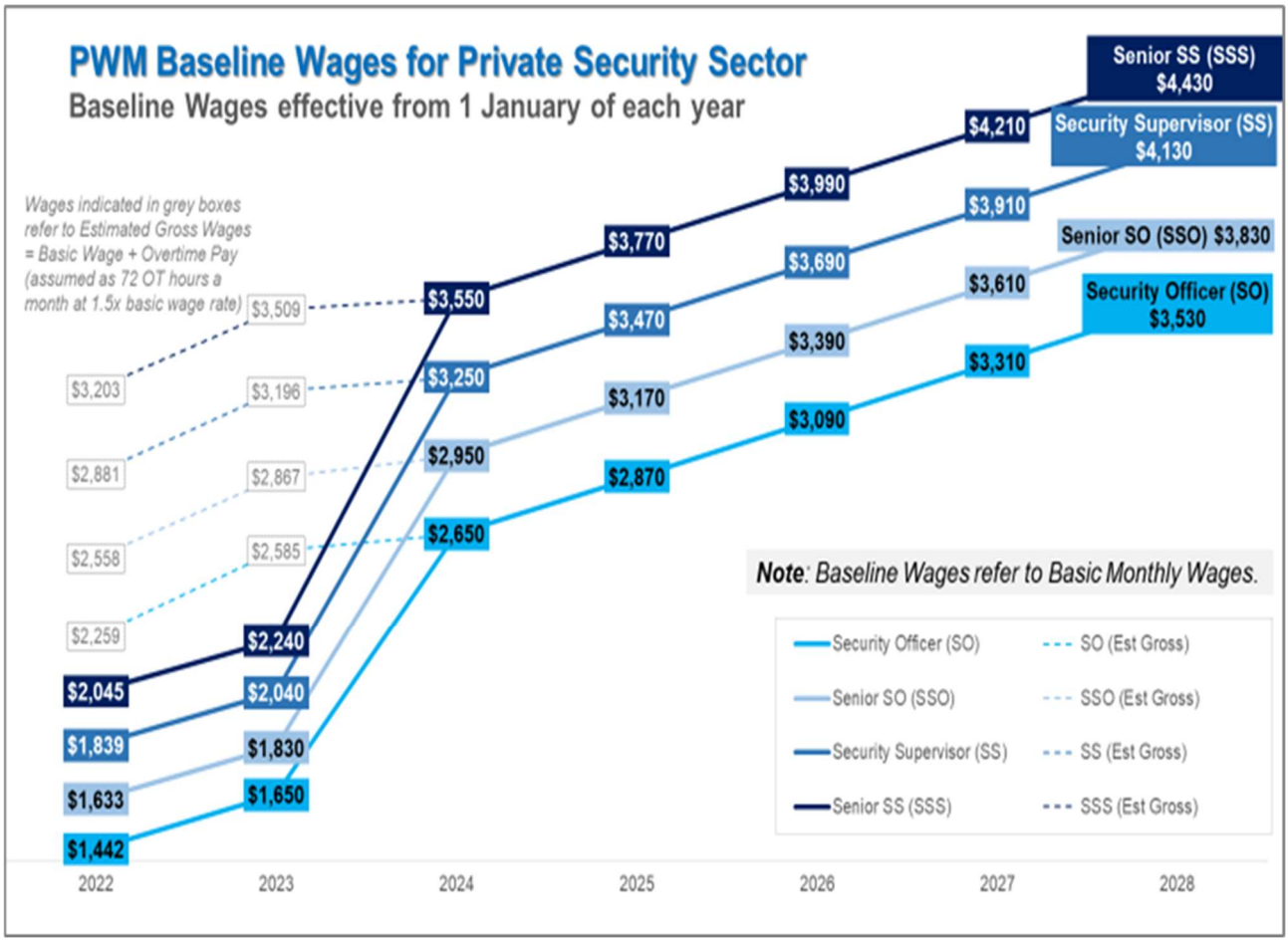
c) In proposing the PWM baseline wages, the STC had taken in the guidance by the TWG-LWW to ensure that overall wage growth of security officers outpaces the median resident worker, for our lower-wage workers to gain ground on the median worker.

d) Aligned with the industry intent to move towards a 44-hour workweek while ensuring security officers do not experience a fall in gross wages, the STC recommends that from 2024 onwards, PWM baseline wages for security officers should include wages paid for work done in addition to the 44-hour regular work week, and the basic wage for the rank of Security Officer be increased to $2,650. This will assure security officers of sustainable wage growth without needing to clock excessive hours for a higher gross wage. By setting a basic wage of $2,650, security officers will be able to negotiate for better employment terms with their employers and focus on reducing their overall working hours.

e) With the recommendations at (d), in 2024, all security officers will cross the current $2,600 monthly basic wage threshold for coverage under Part IV of the Employment Act, which provides basic protection on hours of work, rest days, and other conditions of service. To continue to safeguard security officers' working hours and ensure they do not work excessive hours under the new wage schedule, the STC recommends capping extra working hours (above the 44-hour workweek) at 72 hours a month. This will ensure all security officers are fit to discharge their duties in a professional and competent manner. The cap should be enforced as part of the Security PWM, which is already a licensing condition under PLRD's licensing regime for private security agencies and security officers.

f) Beyond 2024, the STC recommends a fixed dollar quantum annual increment from 2025 to 2028 to ensure sustainable wage increases and to attract new entrants to the industry. The STC also proposes that the baseline wages for the higher job ranks of Senior Security Officer, Security Supervisor and Senior Security Supervisor be based on the current wage differential between the ranks, to reflect the higher responsibilities of the more senior ranks.

4.3 The chart below summarises the recommended PWM Baseline Wages for the period from *1 January 2022 to 31 December 2028*. The PWM wage schedule is applicable to all private security agencies licensed by PLRD under the Private Security Industry Act (PSIA).



4.4 Please refer to Annex C for the table of PWM wage rungs.

5. STEPPING UP ENGAGEMENT AND PROMOTIONAL EFFORTS TO IMPROVE WORKING CONDITIONS AND RAISING INDUSTRY STANDARDS

5.1 The STC has taken in the proposals by its Regulatory Workgroup and will intensify its engagement and promotional efforts to bring about stronger push for the industry to move away from pure headcount-based contracting model. The STC also recommends for the Government to work closely with industry partners to garner support from service buyers in adopting outcome-based contracts.

5.2 The STC recommends for more targeted enforcement against errant security agencies for reported offences such as underpayment of PWM wages or other violations of the Employment Act, other applicable legislation and TAFEP[5] guidelines.

[5] Refers to Tripartite Alliance for Fair & Progressive Employment Practices

5.3 The STC also noted a 10% increase in the incidence of abuse faced by security officers as compared to a year ago, which was partly attributed to their role in enforcing the COVID-19 safe distancing measures. In a survey commissioned by the Union of Security Employees (USE), the survey revealed that abuse remained a prevalent issue faced by 4 in 10 security officers. A significant proportion of the reported abuse cases involved members of the public. To provide an additional avenue for security officers to surface work-related grievances and report abuse to the USE Mediation Services team, a new mobile application will be launched by USE in Q4 of 2021. MHA has also enhanced protection for security officers by amending the PSIA to introduce new offences to address common types of harassment and abuse faced by security officers in the course of their official duties.

5.4 To increase greater awareness on their employment rights among the security officers, the STC urges all stakeholders to step up outreach efforts to officers on the ground to ensure their welfare is taken care of. More can be done to better recognise and value the contributions of our security officers who work in the frontline to protect lives and properties.

5.5 Separately, STC also recommends that barriers of entry be reviewed; in particular, the paid-up capital required for new security agency licensees should be reviewed in consultation with the industry. This is to ensure that only financially sound security agencies enter the industry, which helps ensure they are able to sustain the PWM wage increases. More details will be shared when ready.

6. STRONG COMMITMENT FROM STAKEHOLDERS AND WHOLE-OF-SOCIETY EFFORTS ARE KEY SUCCESS FACTORS FOR INDUSTRY TRANSFORMATION

6.1 The private security industry plays an important role in supporting the Home Team to keep Singapore safe and secure. COVID-19 has brought on tighter precautionary measures on the movement of people island-wide. Security officers had to take on the added role of enforcing safe management measures at the frontline. The STC strongly urges all stakeholders to play their part in uplifting the lives of our security officers and recognising their contributions.

6.2 <u>Government</u>

(a) The industry had highlighted that there are existing security services contracts that have been committed prior to this wage review, and their contract periods stretch into the period covered by this latest wage recommendations. Hence, the industry urges the Government to consider providing transitional wage support to help the industry mitigate the cost impact brought on by the PWM wage increases.

(b) COVID-19 has presented the industry with unprecedented challenges and border and travel restrictions have greatly reduced the inflow of foreign manpower and exacerbated the current manpower shortage faced by the industry. The industry would thus like to appeal to the Government to adopt

a more empathetic approach by deferring any further adjustments to the Dependency Ratio Ceiling (DRC) during this period so that security agencies can adjust to the prevailing DRC requirements and better manage manpower deployment to meet operational needs.

6.3 Service Providers

(a) The STC encourages security agencies to adopt industry transformation by increasing the use of technology and exploring job re-design or other innovative ways to improve productivity and service outcomes. Security agencies could make use of available programmes and resources such as the Productivity Solutions Grant, or approach the Union and the security trade associations if they need assistance in driving transformation efforts. It is important for security agencies to invest in capability-building efforts so that their security personnel are equipped with the right skillsets to support their business transformation.

(b) The STC further advises that service providers realistically consider the number of contracts that they can take up and based on their manpower deployment capabilities so that they will be able to meet their contractual obligations. When bidding for new contracts, the STC advises service providers to be transparent and provide clear explanations to service buyers on how the PWM wage recommendations have translated to higher labour costs and contract pricing. This will help avoid any misperception of profiteering by the security agencies.

(c) To transform the sector, the STC has recommended to raise the basic wage of security officers to $2,650. The STC notes that a consequence of this is that security officers will no longer be covered under Part IV of the Employment Act. While the STC agrees that this move is necessary to drive industry transformation, service providers should work closely with the Union of Security Employees to ensure that the employment contracts drafted continue to be fair to security officers. This includes ensuring officers have adequate rest and are not made to work beyond 12 hours a day as well.

6.4 Service Buyers

(a) With the substantial increases in the PWM wage rates, Service Buyers should recognise that prices for security services will inevitably increase. The STC urges Service Buyers to avoid cheap sourcing as this would result generally in poor service because their service provider will not be able to match the market rate for good security officers or offer incentives for good performance.

(b) The STC calls upon the Service Buyers to move away from headcount-based contracting and adopt outcome-based contracting[6]. Service buyers could consider reviewing their tender specifications to include security risk

[6] Service buyers may wish to refer to MHA's *Guide on Outcome-Based Security Contracts* for reference.

assessment and encourage security agencies to adopt technology-enabled solutions and job redesign by placing higher weightage in their evaluation criteria. Doing so will allow more optimal use of manpower and allow security officers to deliver better service outcomes.

(c) The STC also encourages Service Buyers to exercise reasonableness in negotiating their security services contracts should there be any adjustments to their security requirements. It is important for Service Buyers and Service Providers to develop mutual trust through open communication and frequent dialogues to achieve win-win outcomes.

6.5 Security Workforce

(a) Security officers should look to build their careers with security agencies that have proper and progressive employment practices, including compliance with employment laws and TAFEP guidelines, and a commitment to move towards regularising working hours.

(b) The STC urges security personnel to embrace upskilling and adopt a positive mindset towards learning new skills and work processes when businesses undergo transformation, especially with an increased use of technology.

(c) Security officers are encouraged to proactively reach out to their supervisors or company's HR personnel to discuss their training needs and career development plans to ensure they remain relevant and be able to continue to contribute to the industry.

6.6 End Users / Consumers

(a) Our security workforce plays an important role in ensuring a safe and secure environment for us to work and live in. They are deployed for important duties such as screening, security patrols and access control at a wide range of premises, both in the private and public space. Our security personnel provide 24/7 protection so that we can have the peace of mind in going about our daily lives. It is thus important to accord our security workforce the respect and recognition that they deserve.

(b) The STC has noted a rise in abuse towards security officers in recent times. While some of such abuses had been reported in the news and the aggressors been taken to task, many similar instances may go unnoticed and unreported. The STC strongly urges members of the public and end-users to be civic-minded and respect our frontline officers who are carrying out their duties to safeguard everyone's interests.

7. CONCLUSION

7.1 The STC notes the urgency to expedite the pace of industry transformation, increase the adoption of technology, and inject new blood into the workforce so

that the security industry will not be confronted with a severe manpower crunch in the near future.

7.2 To realise the vision of a vibrant, technologically advanced and competitive security industry that brings better security outcomes for Singapore and good career progression for our officers, it is important to have the support and commitment from all key stakeholders, including service providers, service buyers, industry associations, sector lead agencies, and our security personnel themselves.

7.3 Building on the strong tripartite partnership and collaborative spirit, the private security industry is poised to provide good jobs for our Singapore Core workforce.

~ End ~

ANNEX A: SECURITY TRIPARTITE CLUSTER (STC) FOR THE TERM OF OFFICE FROM MARCH 2019 TO MARCH 2022

Description	Organisation	Representative
Chairman	National Trades Union Congress	Mr Zainal Sapari, Assistant Director-General
Co-Chairman	Singapore National Employers Federation (SNEF)	Mr Jeffrey Chua, SNEF Representative *Formerly Senior Managing Director (Operations), CapitaLand*
Labour Movement	Union of Security Employees	Mr Ardi Bin Amir, President
		Mr Raymond Chin, General Secretary
		Mr Steve Tan, Executive Secretary
	Employment and Employability Institute	Mr Gilbert Tan, CEO
Industry Associations/ Service Providers	Security Association Singapore	Mr Raj Joshua Thomas, President
	Association of Certified Security Agencies	Mr John Vijayan Vasavan, President
	Security Systems Association of Singapore	Mr Nelson Tee, President
	Certis Singapore	Mr Ng Boon Gay, Deputy Chief Executive
	AETOS Guard Services Pte Ltd	Ms. Irene Tan, Vice President (HR) *(with effect from 13 August 2021)* Mr. Alvin Tan, former General Manager *(until August 2021)*
	APRO Asian Protection Pte Ltd	Mr Li Xiaowen, Deputy Managing Director
Service Buyers	Singapore International Facilities Management Association	Mr Michael Ng, Vice President *Concurrently Director, Operations Support Services, KK Hospital*
	CapitaLand Singapore Ltd	Mr Alfred Lim, Vice President & Head (Property Services)
	Frasers Centrepoint Property Management (Commercial) Ltd	Mr Alvin Low, Vice President, Head of Operations Retail & Commercial Frasers Property Singapore *(until 4 November 2021)*
Government	Ministry of Home Affairs	Mr Harris Rusdi Chai, Director, Security Policy Directorate, Joint Operations Group
	Singapore Police Force	Mr. Jarrod Pereira, Director, Police Licensing & Regulatory Department
	Ministry of Manpower	Mr. Lee Chung Wei, Divisional Director Workplace Policy & Strategy Division
		Ms. Christine Loh, Director, Employment Standards Enforcement Department, Labour Relations and Workplaces Division
	Workforce Singapore	Ms. Safrah Eusoof, Director, Healthcare, Social & Business Services Division, Enterprise Development Group
	SkillsFuture Singapore	Ms Loh Gek Khim Director, Industry Development Division 1

ANNEX B: PROPOSAL BY STC'S REGULATORY WORKGROUP

The Terms of Reference for the Regulatory Workgroup (RWG) were (i) to review the current two notifications for security officers; (ii) identify ways to tighten enforcement against excessive hours within the sector; and (iii) propose implementation and communication plan.

The RWG also put forth the following suggestions which were deliberated and endorsed by the STC.

1	**Efforts to create greater awareness on PWM and employment-related issues among Security Officers and Service Buyers**
For Security Officers	The STC Secretariat will continue its efforts to organise outreach and appreciation events for essential service workers, including security personnel, covering the following topics: • Updates to the Security PWM (e.g. removal of OTE, schedule of wage increases) • Employment Rights (e.g. Mandatory CPF Contributions) • PSIA (e.g. code of conduct) The STC Secretariat will also partner MOM Workright team to create awareness on employment rights.
	The STC agreed that the two notifications for security officers will be retained for now, to provide some flexibility for security officers. Another review will be undertaken in tandem with the mid-term review of the PWM wage schedule in 2025.
	USE will launch a mobile app for officers to report abuse and work-related grievances to USE's Mediation Service in Q4 2021. This expands on USE's efforts to encourage security officers to surface any workplace grievances.
For Service Buyers	The STC Secretariat will continue its efforts to reach out to service buyers, managing agents and procurement officers on Outcome-Based Contracting and progressive procurement practices. It will be reaching out to relevant industry associations to conduct briefings for their members.
	The STC Secretariat will continue to put up press advertisements to highlight the changes to the PWM wages and to include key components (e.g. statutory benefits) that service buyers should look out for when evaluating the tender submissions.

	The Centre for Protective Security (CPS)[7] will continue to engage service buyers and highlight the following: • It is mandatory for security services contracts to meet the wage requirements for security officers as mandated under the PWM; • It is important for service buyers to do their part in uplifting security officers by supporting the PWM; and non-compliance with the PWM is a breach of the law.
2	**Raising Industry Standards**
USE, Security Association Singapore (SAS), and Association of Certified Security Agencies (ACSA) will continue to engage their members on programmes and resources that are available to support industry transformation. ACSA and SAS will also provide consultation services to security agencies that require guidance in driving transformation.	
To ensure that security agencies compete holistically and not solely on prices, barriers of entry and industry standards will be reviewed: • PLRD will review the paid-up capital required for new security agency licensees in consultation with the industry stakeholders. • The new Security Agencies Competency Evaluation (SACE) framework, which will take effect from 1 January 2022, will also complement efforts to improve industry standards. A key assessment area under SACE will be on the extent of technology adoption and efforts made to augment critical areas such as training, operations, as well as command, control, and communications. Security agencies' licenses will not be renewed should they fail any of the core competencies. • Security agencies that fail their SACE assessment may consult the security associations for assistance on deploying technology-enabled solutions, job redesign and capability-building.	

[7] The Centre for Protective Security, a department of the Singapore Police Force, was formed in 2019, to consolidate capabilities and functions to support the implementation of the Infrastructure Protection Act and Security ITM.

ANNEX C: ENHANCED PWM WAGE LADDER FOR PRIVATE SECURITY SECTOR

PWM Baseline Wages refer to monthly basic wages and are effective from 1 January of each year.

PWM Job Level	PWM Baseline Wages		
	2021 (Current)	2022	2023
Security Officer (SO)	**$1,400**	**$1,442**	**$1,650**
	$ inc >	42	208
	% inc >	3%	14.4%
Est. Gross Wage	$2,193	$2,259	$2,585
Senior SO (SSO)	**$1,585**	**$1,633**	**$1,830**
	$ inc >	48	197
	% inc >	3%	12.1%
Est. Gross Wage	$2,483	$2,558	$2,867
Security Supervisor (SS)	**$1,785**	**$1,839**	**$2,040**
	$ inc >	54	201
	% inc >	3%	10.9%
Est. Gross Wage	$2,796	$2,881	$3,196
Senior SS (SSS)	**$1,985**	**$2,045**	**$2,240**
	$ inc >	60	195
	% inc >	3%	9.5%
Est. Gross Wage	$3,109	$3,203	$3,509

Note: Est. Gross Wage refers to Basic Wage + Overtime Pay only (assume 72 overtime hours a month at 1.5x basic rate).

PWM Job Level	2023 Est. Gross *(for comparison)*	PWM Baseline Wages^					
		2024	2025	2026	2027	2028	CAGR*
Security Officer (SO)	**$2,585**	**$2,650**	**$2,870**	**$3,090**	**$3,310**	**$3,530**	7.4%
	$ inc >	65	220	220	220	220	
	% inc >	2.5%	8.3%	7.7%	7.1%	6.6%	
Senior SO (SSO)	**$2,867**	**$2,950**	**$3,170**	**$3,390**	**$3,610**	**$3,830**	6.7%
	$ inc >	83	220	220	220	220	
	% inc >	2.9%	7.5%	6.9%	6.5%	6.1%	
Security Supervisor (SS)	**$3,196**	**$3,250**	**$3,470**	**$3,690**	**$3,910**	**$4,130**	6.2%
	$ inc >	54	220	220	220	220	
	% inc >	1.7%	6.8%	6.3%	6.0%	5.6%	
Senior SS (SSS)	**$3,509**	**$3,550**	**$3,770**	**$3,990**	**$4,210**	**$4,430**	5.7%
	$ inc >	41	220	220	220	220	
	% inc >	1.2%	6.2%	5.8%	5.5%	5.2%	

Note: Est. Gross in 2023 refers to 2023's Basic Wage + Overtime Pay only (assume 72 overtime hours a month at 1.5x basic rate).

^ At these stipulated wages, security officers shall not work for more than 72 extra hours in one calendar month (an extra hour refers to every additional hour of work that is beyond 44 hours of work in one week).

**Refers to Compound Annual Growth Rate from 2024 to 2028*