TCC FAQs on Progressive Wage Model for the Cleaning Sector

(Information accurate as at 12 December 2016)

PWM related Questions:

1. **Why did the TCC only review the PWM wage levels 4 years after it was first introduced?**

   The TCC has been closely monitoring cleaning industry developments since the release of its report in October 2012. As the PWM recommendations were only fully implemented under the cleaning business licensing regime in September 2015 via the Order imposed by the Commissioner for Labour, time was needed to consider the impact of the PWM requirements on the industry as part of the 2016 review.

2. **How did TCC derive the new wage levels?**

   The TCC actively sought the feedback of service buyers and providers covering about 70% of the total workforce of the cleaning industry. In deriving the new wage levels, it considered factors that encompassed the following:

   i) Nature and working conditions of various cleaning jobs

   ii) Wages of occupations with workers of similar educational profiles as cleaners

   iii) Wages of cleaners working for responsible buyers who best source

   iv) Inputs from the cleaning industry, including the Environmental Management Association of Singapore (EMAS)

   v) Wage data set from about 900 cleaning businesses, covering about 35,000 resident workforce

   The TCC has also taken into account the National Wages Council (NWC)'s guidelines from 2014 to 2016 in its recommendations. It has specifically noted that the NWC guidelines are formulated at the national level for all industries, including the cleaning industry.

   TCC will continue to monitor and meet up periodically to review the Progressive Wage Model to ensure that the wage ladders remain relevant to the cleaning industry.

3. **Given that the slow growth environment and pessimistic economic outlook, why did the TCC choose to review the PWM now? Will the increase in wages pose a serious burden to the industry?**

The TCC considered the current economic situation when reviewing the PWM. We were mindful that not only do businesses face tough pressures in a slow growth environment, low-wage workers also tend to be more severely affected when the economy takes a turn for the worse. Hence, the TCC maintained a delicate balance in managing business costs and raising wages at the lower end. The TCC also consulted both service buyers and service providers that in total employ about 70% of the total workforce of the cleaning industry to better understand their concerns and views on what the enhancements to the PWM could look like.

Taking into account the feedback from different stakeholders, the TCC arrived at a consensus that instead of a significant lump-sum increase to the PWM wage levels, a gradual multi-year increase for the PWM would cushion the impact on service providers and consumers. In addition, the TCC noted that the median basic wage of full-time resident cleaners was already $1,100 as of June 2015; hence, the new PWM wage adjustments should not be a major cost concern for a large number of businesses.

The move to recommend in advance wage adjustments over a longer period was in response to industry feedback that they preferred to have better visibility of future wage adjustments in the short-to-medium term. This would help them to better plan and budget for cleaning service contracts that are typically multi-year.

4. **Why did the TCC recommend that all cleaners be paid an Annual Bonus (AB) from 2020 onwards and not earlier?**

This was done to allow the industry adequate time to adjust and manage their wage costs, given that there would be significant wage adjustments made over the next three years. This timeline for implementation of the various components of the new PWM took into account feedback from various stakeholders.

5. **Why did the TCC recommend that all cleaners be paid two weeks of Annual Bonus and not more?**

The TCC recommends that the Annual Bonus be paid on an annual or bi-annual basis to workers who have been employed by the same business for at least 12 months. The current reality is that some outsourced workers are not even getting any form of payment, and the two weeks of payouts will be more palatable for a start. Cleaning businesses that are already paying bonuses that are more than two weeks of basic salary are encourage to continue to do so.

6. **Do cleaning businesses that are already paying their cleaners variable bonuses have to pay the additional two-week Annual Bonus from 2020 onwards?**

The TCC strongly encourages cleaning businesses that are already paying variable bonuses (e.g. performance bonus, retention bonus) or annual wage supplement equivalent to a minimum of two weeks of basic monthly wages to continue to do so. Businesses that have been paying out such bonuses or paying out an annual form of payment with at least 2 weeks of basic monthly wages will be deemed to have met this requirement. Cleaning businesses that have not done so will have to start paying the minimum two-week Annual Bonus from 2020 onwards.

More details on the Annual Bonus requirement will be provided closer to its implementation in 2020.

7. **How will the new PWM recommendations affect cleaning businesses with new contracts (i.e. taking effect from 1 July 2017) and existing contracts (i.e. taking effect before 1 July 2017)?**

Taking into consideration industry feedback, the TCC recommends providing a lead time of at least 6 months for the industry to adopt the new PWM wage levels. The examples below illustrate the implementation timelines for resident cleaners under contracts that take effect from different points in time.

Existing contract (taking effect before 1 July 2017)

Example: 3-year contract lasting from 1 Jan 2017 to 31 Dec 2019

Period	PWM wage requirement for general cleaner	PWM wage requirement for supervisor
Now to 30 Jun 2018 (using current PWM schedule)	$1,000	$1,600
1 Jul 2018 – 30 Jun 2019 (using 2018 wage schedule)	$1,120	$1,720
1 Jul 2019 – 31 Dec 2019 (using 2019 wage schedule)	$1,200	$1,800

New contract (taking effect from 1 July 2017 or later)

Example: 2-year contract lasting from 1 Jan 2018 to 31 Dec 2019

Period	PWM wage requirement for general cleaner	PWM wage requirement for supervisor
1 Jan – 30 Jun 2018 (using 2017 wage schedule)	$1,060	$1,660
1 Jul 2018 – 30 Jun 2019 (using 2018 wage schedule)	$1,120	$1,720
1 Jul 2019 – 31 Dec 2019 (using 2019 wage schedule)	$1,200	$1,800

8. What is the implication for service buyers looking to extend their existing cleaning service contracts?

The TCC recommends that service buyers renegotiate existing contracts with their service providers to take into account the new PWM wages for cleaners. The TCC also strongly discourages service buyers from exercising options to extend existing contracts, unless they are prepared to vary contract prices to take into account the new PWM wage schedules going forward.

9. What will happen to the cleaning PWM beyond 2022?

The TCC is a standing committee and will review the PWM for the cleaning sector periodically, taking into account feedback from all stakeholders.

10. Is there any assistance to help the industry manage costs increases due to the latest changes to the PWM?

To defray possible increases in wage costs, service providers can apply for schemes like the Wage Credit Scheme (WCS)[1]. To complement wage increases, service providers are also encouraged to adopt initiatives that improve productivity. There are available schemes such as the Lean Enterprise Development Scheme (LEDS)[2], the Inclusive Growth Programme (IGP)[3], Capability Development Grant (CDG)[4] and the Productivity Innovation Credit (PIC)[5] which provides funding assistance for businesses that embark on productivity projects.

Service buyers will also benefit from enhanced service quality and higher productivity from a more motivated cleaning workforce, which help mitigate any cost increases. They should also review their cleaning service requirements and move away from headcount based contracts. If service buyers better scope cleaning services they need, they can eliminate unnecessary requirements which add costs and are of limited value.

[1] Under the WCS, the Government co-funds 20% of wage increases given to Singaporean employees earning a gross monthly wage of $4,000 and below. In addition, for wage increases given in 2015 which are sustained in 2016 and 2017 by the same employer, employers will continue to receive co-funding at 20% for 2016 and 2017.
[2] The LEDS provides a one-stop application portal for Government grants to support productive and manpower-lean measures. Companies may also obtain transitional foreign manpower concessions under the scheme.
[3] IGP is a $100-million programme to catalyse industry re-development, promote inclusive growth and to ensure sharing of productivity gains with local workers through higher wages. Companies may receive up to 70% funding for technology and equipment improvement.
[4] The CDG provides funding support for up to 70% of the costs for projects that help SMEs build business capabilities.
[5] The PIC provides 400% tax deductions/ allowances on up to $400,000 of spending per year in activities that lead to innovation and productivity improvements.

11. What is the rationale for recommending a min-max ratio for the cleaning industry?

As previously highlighted by the National Wages Council, having a min-max salary ratio enables a flexible and performance-based wage system. More specifically, a min-max wage ratio allows employers to give recognition and pay increments to better performing, more experienced and productive workers, above the PWM wage levels, with a cap on the increases in wage costs.

To support the increasing focus on productivity and skills improvement in the cleaning sector, the TCC has recommended for employers in the cleaning industry to similarly adopt a min-max wage ratio.

12. Can the TCC comment on the contracting practices of the cleaning industry? What efforts are being taken to address poor contracting practices such as resetting of wages by businesses?

The implementation of the mandatory cleaning PWM has helped create a level playing field and addressed the prevalent cheap-sourcing in the sector which previously caused cleaners' wages to remain low.

However, we have also received feedback that some outsourced cleaners' wages could be "reset" to the wage floor in a new cleaning contract. This practice is not in line with the intent of the PWM to enable cleaners' wages and careers to progress as they become more skilled and productive.

The yearly adjustments to the PWM from 2017 – 2019 and the schedule of wage increases from 2020 – 2022 will help mitigate this problem by ensuring the PWM wage levels are increasing year to year. In addition, the TCC strongly recommends that cleaning businesses and service buyers work together on performance-based contracts and invest significantly in technology and productivity enhancements which will allow them to support higher wages for their workers on a sustained basis.

13. How should workers be classified if their job responsibilities cut across more than one job category after the recent PWM review?

The classification of cleaners' job responsibilities under the PWM remains unchanged following the recent review. For workers whose job responsibilities fall into more than one job category, he shall be classified under the job category where he spends majority of his time and the corresponding wage level applies.

14. How should people with disabilities be paid under the revised PWM?

TCC recommended PWM for the cleaning industry, so as to achieve long term improvements in a sustainable manner. The salaries for people with disabilities, like those for everyone else, should be based on their ability to fulfill the job requirements.

15. What are the types of establishments which will fall under Group 1, 2 and 3 respectively after the recent PWM review?

The TCC recommends to retain the three broad groups of cleaning jobs under the PWM. The classification of establishments under the three groups remains unchanged.

Group 1: Office and Commercial Buildings	Group 2: Food and Beverages Establishments	Group 3: Conservancy
• Offices • Schools • Hospitals • Polyclinics • Airports and checkpoints • Bus Shelters / Interchanges • Campuses • Cinemas • Condominiums • Country Clubs/ Community Clubs • Educational Institutions • Factories	• Food Courts • Hawker Centres • Bar/ Pub / Nightclubs • Cafeterias • Canteens • Coffee Shops • Markets • Restaurants	• Beaches • Car Parks • Crematoriums / Columbarium / Cemeteries • Drains/ Canals / Rivers / Reservoirs • Expressways • Open Spaces / Pavements • Parks • Public Streets • Vehicle Parks • Public Areas • Town Council Areas

• Fitness Clubs • Hostels • Hotels/ Chalets / Resorts • Military Sites • MRT/LRT/ Monorail Stations • Nursing Homes • Places of Worship (Churches / Temples / Mosques) • Service Apartments • Shopping Malls • Sports Complexes • Stadiums • Supermarket • Theatre • Workers' Dormitories		

*The above list is non-exhaustive

16. Why does the revised PWM continue to apply to resident cleaners only and not foreign cleaners?

Employers, when hiring foreign workers, have to bear other manpower-related costs like the foreign worker levy and accommodation. Recognising this, the specific progressive wage levels apply only to resident cleaners. However, employers should also incorporate the key principles of progressive wages, such as salary progression, skills upgrading, productivity improvements and career advancement, into the wage structure of their foreign cleaners.

17. Since the new PWM wage levels will continue to apply to full-time resident cleaners[6], how should Part-Time Cleaners, Temporary Cleaners or Cleaners on Casual Employment be paid under the PWM?

[6] A full-time employee, as defined under the Employment Act (Part-Time Employees) Regulations, is one who is required to work for 35-44hours a week. Conversely, a part-time employee is one who is required to work for less than 35 hours a week.

The PWM remains applicable to all resident cleaners under contracts of service[7]. For part-time resident cleaners, employers may continue referring to the below formula to calculate the pro-rated PWM salary:

$$\text{Pro-rated PWM basic wage of part-time resident cleaner} = \frac{\text{12 months x PWM wage of similar full-time cleaner}}{\text{52 weeks x 44 hours/week}} \times \text{Number of working hours the part-time cleaner is required to work under his contract of service in a month}$$

18. What is the definition of a multi-skilled cleaner cum machine operator under the revised PWM?

Annex D to the TCC report dated December 2016 contains the following definitions for multi-skilled cleaners cum machine operators across the 3 groups of cleaners:

Group 1: Office & Commercial Cleaners

Multi-Skilled Cleaner cum Machine Operator

Multi-skilled Cleaner cum Machine Operator should be able to:

- Use at least 1 motorized ride-on machinery or
- Use at least 1 lifting equipment or
- Use specialized cleaning agents as part of Job scope or
- Use at least 3 handheld machines (other than vacuum cleaner, blower and general household cleaning equipment)

Job duties may include: Carpet shampooing, marble polishing, leaf blowing, using of motorized equipment for the following: Sweeping of access road, turf area, open and contained space such as areas within shopping centres, supermarkets, cleaning high areas of dust and cobwebs, and glass panes or any height- cleaning that requires an access of > 2m, sweeping of surrounding road-side drain, submerge drain and drop-inlet chamber, refuse collection.

[7] This includes casual and temporary resident cleaners.

Examples of hand-held equipment may include: Burnisher, single-disc scrubber, hi-pressure jet machine, carpet cleaner, escalator cleaner, mini auto scrubber, steam cleaner, walk-behind auto scrubber, leaf blower, glass cleaning system, jettison pump, rest room cleaner, grass-cutter.

Examples of motorized ride-on machineries may include: Battery-operated cart with refuse compactor, all-terrain-litter-vacuum (ATLV), ride-on road sweeper, integrated scrubber-sweeper (Ride-on), Ride on scrubber, sweeper (Ride-on), Battery operated carts without refuse compactor, ride-on grass cutter, ride-on vacuum cleaner and boat operator.

Examples of lifting equipment may include: Scissor lift, boomlift, spider boomlift, personal lift for cleaning purpose.

Group 2: F & B Establishment

Multi-Skilled Cleaner cum Machine Operator

Multi-skilled Cleaner cum Machine Operator should be able to:

- Use at least 1 motorized ride-on machinery or
- Use at least 1 lifting equipment or
- Use specialized cleaning agents as part of Job scope or
- Use at least 3 handheld machines (other than vacuum cleaner, blower and general household cleaning equipment)

Job duties may include: Both indoor & outdoor cleaning, carpet shampooing, marble polishing, using of motorized equipment in Sweeping of access road, turf area, cleaning high areas of dust and cobwebs, and glass panes or any height- cleaning that requires an access of > 2m, Sweeping of surrounding road-side drain, submerge drain and drop-inlet chamber.

Examples of hand-held equipment may include: Burnisher, single-disc scrubber, hi-pressure jet machine, carpet cleaner, escalator cleaner, mini auto scrubber, steam cleaner, walk-behind auto scrubber, glass cleaning system, jettison pump, rest room cleaner, grass-cutter.

Examples of motorized ride-on machineries may include: Battery-operated cart with refuse compactor, all-terrain-litter-vacuum (ATLV), ride-on road sweeper, integrated scrubber-sweeper

(Ride-on), Ride on scrubber, sweeper (Ride-on), Battery operated carts without refuse compactor, ride-on grass cutter, ride-on vacuum cleaner and boat operator.

Examples of lifting equipment may include: Scissor lift, boomlift, spider boomlift, personal lift for cleaning purpose.

Group 3: Conservancy

Multi-Skilled Cleaner cum Machine Operator

Multi-skilled Cleaner cum Machine Operator should be able to:

- Use at least 1 motorized ride-on machinery or
- Use at least 1 lifting equipment or
- Use specialized cleaning agents as part of Job scope or
- Use at least 3 handheld machines (other than vacuum cleaner, blower and general household cleaning equipment)

Job duties may include: Pressure jet washing and leaf blowing, Sweeping of access road, turf area, open space, road side drains, drop-inlet chamber, submerged drain, cleaning high area of dust and cobwebs or any height- cleaning that requires an access of > 2m.

Examples of hand-held equipment may include: Burnisher, single-disc scrubber, hi-pressure jet machine, carpet cleaner, escalator cleaner, mini auto scrubber, steam cleaner, walk-behind auto scrubber, leaf blower, glass cleaning system, jettison pump, rest room cleaner, grass-cutter.

Examples of motorized ride-on machineries may include: Battery-operated Cart with refuse compactor, all-terrain-litter-vacuum (ATLV), ride-on road sweeper, integrated scrubber-sweeper (ride-on), ride on scrubber, sweeper (ride-on), Battery operated carts without refuse compactor, ride-on grass cutter, ride-on vacuum cleaner and boat operator.

Examples of lifting equipment may include: Scissor lift, boomlift, spider boomlift, personal lift for cleaning purpose.

19. How are condominium refuse cleaners classified and how much should they be paid under the revised PWM?

Cleaning businesses should take reference from the refuse collector category under Group 3 of the PWM and be paid the same basic wage as condominium refuse collectors have similar job nature to that of the town council refuse collectors.

20. How should cleaners with Team Leader duties be paid?

Team Leaders are recommended to be paid additional wage allowance starting from $100.

21. How should cleaners with toilet cleaning duties be paid?

As toilet cleaning entails hardship, it is encouraged for businesses to recognise and provide cleaners who take on such duties with additional allowances.