

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

Objective

1. This report sets out the recommendations of the Security Tripartite Cluster (STC) on the Progressive Wage Model (PWM) for the security industry. The STC was formed in September 2013 to address several industry challenges through the development of a PWM for the security industry. The PWM would create a roadmap for raising basic wages, skills and productivity, and set out an approach for reducing the industry's reliance on excessive overtime (OT) hours to meet manpower needs. The members of the STC are listed in Annex A.

Introduction

2. Over the years, the security industry has undergone several transformations. In 2004, the Security Industry Regulatory Department (SIRD) was set up within the Singapore Police Force (SPF) to raise the industry's standards. SIRD was later merged with the Licensing Division in SPF to form the Police Licensing & Regulatory Department (PLRD) in 2012, and has worked in close collaboration with tripartite partners to develop and implement initiatives to enhance the industry's competency and professionalism. These include:-
 - a) Introduction of mandatory training for all Security Officers¹ (SOs) in 2006;
 - b) Introduction of the Singapore Workforce Skills Qualifications for Security (Security WSQ) in 2006 to encourage skills upgrading of the SO workforce;
 - c) Individual licensing for all SOs and introduction of the SOs Identification Card (ID card) in 2009;
 - d) Implementation of the Security Agencies' (SAs) grading system to provide an objective and authoritative assessment of SAs in 2009;
 - e) Introduction of mandatory and additional training in 2012 for SOs deployed for selected specialised functions or to sensitive locations; and

¹ The term "SOs" refers to security officers as licensed under the Private Security Industry Act.

- f) Introduction of mandatory training in 2012 for key management of new SAs and SAs that perform poorly in the annual grading exercise.

Challenges in the Security Industry

- 3. However, more needs to be done to address current challenges faced by the security industry. Despite the efforts outlined above, the security industry continues to face operational and manpower challenges, such as low basic wages, low productivity, high turnover of SOs, and unattractive working conditions due to excessive OT hours. The prevalence of the practice of cheap sourcing in the industry has made it difficult to address these challenges.
- 4. **Cheap Sourcing and Headcount-Based Contracts** – Cheap sourcing and headcount-based contracting arise when service buyers award contracts solely based on price and number of workers provided, with less consideration on performance and quality. Such practices by service buyers are common when procuring security service contracts. Since 2013, the Government as a buyer of security services has taken the lead in adopting best sourcing practices by procuring services from well-graded SAs (i.e. with an ‘A’ or ‘B’ grade)². However, within the private sector, cheap sourcing remains common where service buyers have a tendency to award their contracts to SAs that provide the cheapest quotes rather than those with better grading. This results in SAs competing for contracts based on price, which then pushes wages down. This spiral-down effect is worsened by the prevalence of headcount-based contracts and the unwillingness of service buyers to shift towards the use of productivity-enhancing technology due to their reliance on cheap manpower. Such conditions discourage SAs from embarking on productivity improvements that could optimise the headcount required for each assignment.
- 5. **Low Basic Wages** – Over the last decade, basic wages in the industry have remained low. This has been supplemented by an increase in the variable wage components (e.g.

² The annual Security Agencies Grading Exercise aims to provide an independent assessment of the performance of SAs and is based on the 3 pillars of “operational excellence”, “training for operations” and “support for operations”. The Ministry of Manpower’s criteria on the compliance with employment laws, adoption of good HR resource and workplace practices are incorporated into the “support for operations” pillar. SAs who receive an “A” or “B” grade tend to score well in all 3 pillars.

allowances, reimbursement and OT payment). While this has resulted in an overall increase in gross wages for SOs, it has meant that a larger proportion of wages today is variable. Between the years 2000 to 2013, the ratio of basic to gross wage has deteriorated from 0.54 to 0.47³.

6. **Shortage of Manpower** – As of October 2014, there were 70,000 SOs holding security licenses issued by the PLRD. However, only 33,000 of these licensed SOs (or less than 60%) are currently actively employed by SAs. In addition, SAs are facing difficulties in attracting new recruits into the industry. This is despite the fact that there has been an increase in the demand for security services with the increase in completed residential, commercial, industrial and private buildings, thus widening the demand-supply gap. Based on industry estimates, there is currently a 25% manpower shortage within the industry (equivalent to around 10,000 headcounts), and this shortage is expected to grow.
7. **Overtime Hours** – The security and investigation industry currently has the highest level of average weekly OT hours worked per employee across all industries⁴. To meet market demand, most SOs are required to work up to 12 hours a day for six days a week. On average, SOs clock up to approximately 95 OT hours each month, which exceeds the 72 hours a month limit on OT hours under the Employment Act. The Ministry of Manpower (MOM) requires SAs to come forward and apply for OT exemption (OTE) before their SOs can exceed the stipulated OT limits. SAs are granted OTE subject to meeting certain conditions⁵.
8. The current heavy reliance on excessive OT hours is deleterious and unsustainable in the following ways:

³ The median nominal basic wage has increased from \$700 in 2000 to \$800 in 2013, an increase of \$100 over the last 13 years. On the other hand, the median nominal gross wage over the same time period has increased by \$400, from \$1,300 to \$1,700.

⁴ Singapore Yearbook of Manpower Statistics, 2014

⁵ Companies have to satisfy MOM that they have: (i) obtained the consent of employees, (ii) a good track record for maintaining safety, health and employment standards, (iii) secured agreement of the unions in the company (if it is unionised) and (iv) met a certain basic wage.

- a. Discourages potential job seekers from joining and staying in the security industry, which worsens the manpower shortage situation.
 - b. Compromises the well-being and alertness of the SOs, which erodes the operational effectiveness and productivity of the security services.
9. **Public Perception of the Security Industry as a Low-Skilled Job with Limited Career Progression** – This perception further deters potential job seekers from entering the industry and can cause service buyers to be reluctant to procure security services at better prices because they are unsure of the value-add provided by higher paid SOs.
10. **Concerns over Excessive Liquidated Damages (LD) Raised by SAs** – A challenge surfaced by SAs is the imposition of excessive LD clauses in service contracts that are disproportionate to the lapses in service standards. Such clauses can erode the margins and constrain the ability of SAs to improve wages.
11. This issue of excessive LD is a common challenge faced by outsourced sectors. Both public and private sectors' service buyers and providers can play a part in establishing long-term collaborative partnerships that enable the delivery of expected performance requirements without the imposition of excessive LD.

Recommendations of the STC

Progressive Wage Model

12. In June 2012, the National Trades Union Congress (NTUC) introduced the PWM to help workers in different sectors achieve sustainable real wage increases through skills upgrading and productivity improvements. There are four key components in a PWM: salary progression, skills upgrading, career advancement and productivity improvements. The PWM encompasses specific wage ladders tailored for each industry sector. Each wage ladder comprises a series of wage points, and is intended to enable workers at all levels of the ladder to upgrade and progress to their next respective wage points.

13. To ensure that the PWM is implemented consistently across the industry and there is a level playing field for all SAs, the STC recommends that the PWM for the security industry be included as a mandatory licensing condition under the licences issued by the PLRD for all SAs.⁶ PLRD should work with the MOM to ensure compliance with the PWM requirement in the licensing condition.
14. Having a PWM for the security industry benefits all stakeholders. The PWM ensures that basic wages commensurate with career path, job responsibilities and productivity improvements. It also encourages SOs to constantly upgrade themselves to achieve their aspirations and earn higher wages. This engenders a sense of pride and professionalism and motivates them to perform better. SAs benefit from the ability to attract and retain more workers in the industry and are assured of a higher-skilled and more productive workforce that leverages on the use of technology. This in turn benefits service buyers who enjoy the higher quality and standards of security services, which creates safer spaces for people to live and work in.
15. In the development of the PWM for the security industry, the STC has engaged industry stakeholders in discussions via dialogues and one-to-one engagement sessions. On 22 July 2014, the STC conducted a dialogue session for the security industry. More than 60% out of a total of about 260 SAs participated, which included owners of SAs as well as their representatives, and these SAs hire the majority of all SOs. These sessions have allowed the STC to have a deeper understanding of the challenges and concerns on the ground and tailor the PWM recommendations to the security industry.
16. In its deliberation on the basic wage levels, the STC considered various factors, including (1) prevailing wages paid, (2) advertised wages for security positions, (3) wages benchmarked against that in industries with workers of similar profiles, (4) what the SOs' wages could have been if it had kept pace with national productivity growth, (5) the

⁶ Under the Private Security Industry Act, no person shall engage in the business of supplying, for reward, the services of security officers to other persons; or advertise, or in any way hold out, that the person supplies for reward, or is willing to supply for reward, the services of security officers, except under and in accordance with a security agency's licence granted under the Act.

nature and working conditions of the security job, and (6) inputs from SAs, security associations, the union, service buyers and government authorities .

17. The STC has also taken into account the National Wages Council (NWC)'s 2013/2014 guidelines in its recommendations. The STC notes that NWC guidelines are formulated at the national level for all industries, including the security industry. The STC therefore calls upon SAs and service buyers to work out ways to effectively apply future NWC guidelines relevant to the industry, especially where it pertains to low-wage workers.
18. To provide better career progression and differentiation of the SOs' job responsibilities and skills, the STC recommends the standardization and formalization of a career progression ladder across the industry, with five levels as shown in Diagram 1. The different levels take into consideration the level of responsibilities each SO has to take on. The recommended starting monthly basic wage for SOs is \$1,100 and increases as an SO become better skilled, more productive and takes on higher responsibilities.

19. The PWM recommended by the STC is as follows:

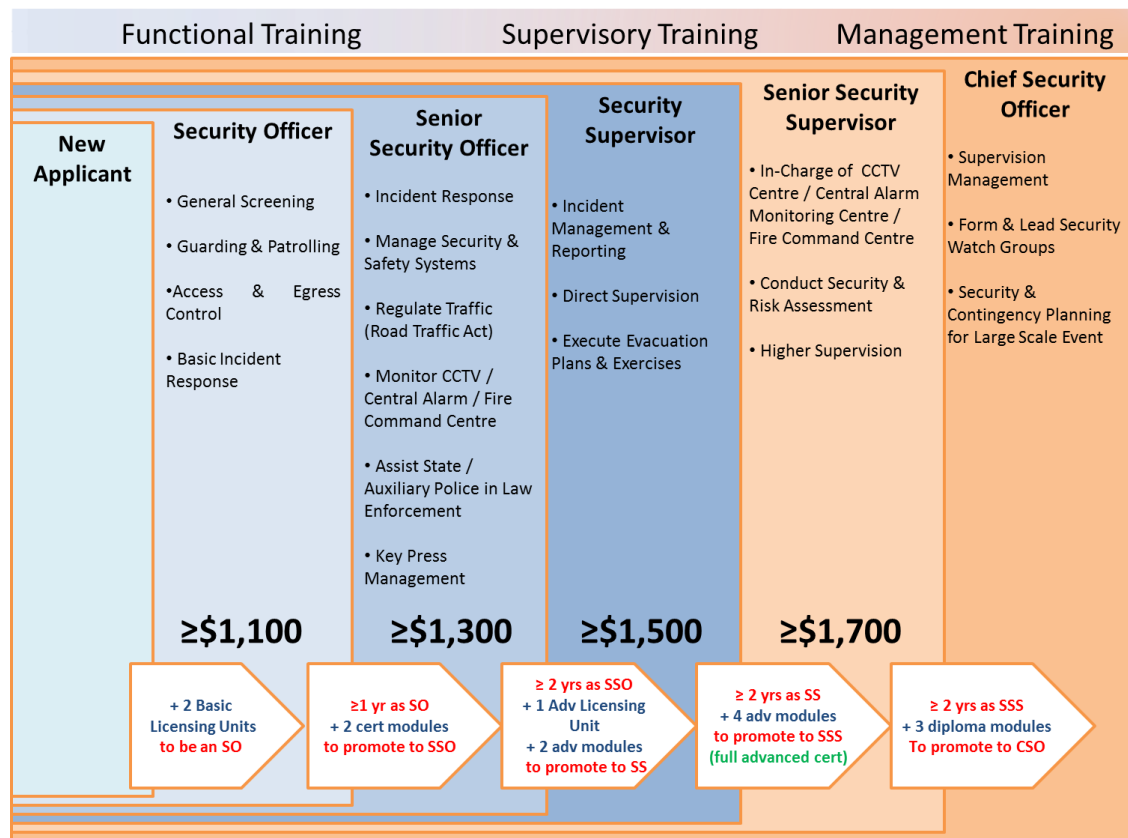


Diagram 1: Progressive Wage Model for the Security Industry⁷

20. **Application of PWM to Senior Managerial Job Grades** – According to feedback from the SAs, the Chief Security Officer (CSO) typically takes on management job responsibilities and is paid accordingly. Thus, it is not necessary for STC to recommend the basic wages of the CSO.

21. **Minimum-Maximum (min-max) Wage Ratio** – The STC encourages SAs to adopt a min-max wage ratio of not more than 1.5 within each level of the PWM. This min-max ratio is derived in consultation with industry stakeholders and the union, and serves as a tool to encourage SAs to move away from a seniority-based wage structure and towards a productivity-based wage structure.

⁷ Please refer to Annex B for detailed job descriptions & Annex C for the list of corresponding training modules.

22. **Promotion Norms** – While the PWM provides clearer progression pathways by setting promotion norms, faster promotions should be considered on a case-by-case basis for high performers and mid-career switchers with relevant transferrable skills.
23. **Provision for Experienced SOs** – For existing experienced SOs who are proficient and familiar with the security operations, their respective SAs may apply for assessment and certification via the Assessment-Only-Pathway (AOP).
24. **Coverage of PWM** – The STC’s recommended PWM basic wage levels are meant for full-time⁸ SOs who are Singaporeans and Singapore Permanent Residents. When employing foreigners, employers could take into account salary as well as other items such as levy and accommodation. For part-time SOs, the STC suggests that employers pro-rate their basic wages based on the number of hours that the part-timer is required to work as compared to the typical contractual hours worked by a full-timer in the same job.
25. **Advisory on Reimbursement** – The STC urges SAs to move the common reimbursements for transport, laundry and meals into the basic wage.

OT Reductions and Exemptions

26. The STC is also concerned with the overly long working hours of SOs. At the same time, the STC hears the strong feedback from industry players of the critical manpower shortage in the industry.
27. The STC feels strongly that the long term attractiveness of the industry also depends on less excessive OT working hours. In this regard, STC notes that there are progressive and responsible SAs which are already taking steps towards reducing the need for excessive OT. These steps include moving from a 6-day week to a 5/6-day week, which will reduce OT to 72 hours per month, without a reduction in gross salary. The STC urges the industry to learn from these best practices and to seriously work towards emulating these

⁸ A full-time employee, as defined under the Employment (Part-Time Employees) Regulations, is one who is required to work for 35 hours or more a week. Conversely, a part-time employee is one who is required to work for less than 35 hours a week.

practices. The STC will consider in 2017 recommending an end to OTE for the industry after carefully monitoring industry movements, changes in shift patterns and streamlining of manpower requirements that may take place in the next two to three years.

Performance-Based Contracts & Use of Technology

28. The STC strongly recommends SAs and service buyers to work together on performance-based contracts, improve and redesign job processes, implement efficient manpower deployment, and invest significantly in technology and productivity enhancement. There are already several schemes in place by the Government, NTUC and e2i to assist SAs and service buyers in embarking on the PWM and productivity improvements, and the STC urges all stakeholders to make full use of these resources. Please refer to Annex D for details.

Conclusion

29. Making PWM a licensing condition is a step forward to help SOs receive higher basic wages that commensurate with training, better skill sets, enhanced service standards and higher productivity. With higher basic wages, SOs will have the option of working fewer OT hours, which reduces fatigue, increases vigilance and performance, and allows them to enjoy better work-life balance. A clear career progression ladder would be a motivation for SOs to upgrade continually and perform better in order to achieve their career aspirations and better wages. The industry will also be better placed to attract and retain quality manpower to meet its growing needs. Furthermore, service buyers who practice best sourcing under PWM can look forward to higher quality security services that deliver value for money.

-End-

ANNEX A

MEMBERS OF THE SECURITY TRIPARTITE CLUSTER

	Agency	Representative
Chair	National Trades Union Congress (NTUC)	Mr Heng Chee How, Deputy Secretary General
Co-Chair	Singapore National Employers Federation (SNEF)	Mr John Ng, Vice President
Union	NTUC U Care Centre	Mr Zainal Sapari, Director
	Employment and Employability Institute (e2i)	Mr Gilbert Tan, CEO
	Union of Security Employees (USE)	Mr Hareenderpal Singh, President
		Mr Steve Tan, Executive Secretary
Employers/ Service Providers	Security Association (Singapore)	Mr T Mogan, President
	Association of Certified Security Agencies	Mr Robert Wiener, President
	Reachfield Security & Safety Management Pte Ltd	Mr Alvin Lee, Managing Director
	APRO Asian Protection Pte Ltd	Mr Bobby Lee, Managing Director
Service Buyers	Ascendas	Mr Chee Han Hock, Assistant Vice President, Real Estate Services Unit
	Changi Airport Group	Mr Tan Lye Teck, Executive Vice President, Airport Management
	Comfort Delgro Corp Ltd	Ms Daisy Chan Mui Wah, Group Chief HR officer
Government	MOM	Mr Musa Fazal, DISP
		Mr Quek Jen Juan, DSC (Ops), LRWD
	MHA	Mr Wang Heh, Director (Security Policy) Joint Ops Group
	SPF	Ms Jessica Kwok, Director (Police Licensing Regulatory Department)
	WDA	Ms Doris Kuek, Director (Healthcare, Social & Business Services Division)

ANNEX B

JOB DESCRIPTION FOR THE SECURITY INDUSTRY

Job Description⁹

Security Officers

	SO	SSO	SS	SSS	CSO
<u>General Screening</u> - Screening people/staff/vehicle seeking entry - Person and properties checks	•	•	•	•	•
<u>Guarding & Patrolling</u> - Guard properties, preventing thefts - Clock routes - Check for leaks & signs of fire/smoke - Check and prevent entry of unauthorized people/staff - Check that security system/equipment are working and not tampered with - Check that exits are clear and secured and doors/windows secured - Turn off unnecessary light/taps - Note and report irregularities - Check perimeter fences/walls for wear & tear or forced entry - Manage vehicle parking allocation - Check lighting is in working order - Ensure loading bay doors & good lifts are secured when not in use	•	•	•	•	•
<u>Access & Egress Control</u> - Control entry & exit - Conduct identity check and pass exchange - Authorize access to staff and visitors - Operate gates, door or barriers - Supervise car parks and loading/unloading areas - Traffic control within client premise - Maintain access control records - Escort visitors	•	•	•	•	•
<u>Basic Incident Response</u> - Respond to & report alarms - Respond to & report to fire related incidents - Respond to & report crimes or public order incidents - Respond to & report suspicious persons, belongings, vehicles - Respond to & report medical emergencies	•	•	•	•	•

⁹ Job descriptions may be subject to changes

ANNEX B

JOB DESCRIPTION FOR THE SECURITY INDUSTRY

- Respond to & report bomb or terrorist threats - Respond to & report lift breakdown, power failure - Respond to & report burst water pipe/leaking or ruptured sprinklers					
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Senior Security Officers

	SO	SSO	SS	SSS	CSO
<u>Incident Response</u> - Respond to & report complex or large-scale safety and security incidents - Assist in evacuation		•	•	•	•
<u>Manage Security & Safety Systems</u> - Manage Central Alarm Monitoring System - Manage fire control system - Manage lift control system - Manage carpark system		•	•	•	•
<u>Regulating Traffic (Road Traffic Act)</u> Regulated traffic under Sec142B (RTA)		•	•	•	•
<u>CCTV/Central Alarm Monitoring/ Fire Command Centre Monitoring</u> - Monitor CCTV & Centralized Alarm monitoring - Maintain CCTV storage libraries - Preserve evidence		•	•	•	•
<u>Assist State/Auxiliary Police in law enforcement</u> - Assist Police in policing & enforcement - Assist agencies in enforcement - Issue summons		•	•	•	•
<u>Key Press Management</u>		•	•	•	•

Security Supervisors

	SO	SSO	SS	SSS	CSO
<u>Incident Management & Reporting</u> - Respond to & report complex or large-scale safety and security incidents - Investigate security incidents			•	•	•
<u>Direct Supervision</u> - Supervise & direct security personnel - Conduct team briefing & debrief			•	•	•

ANNEX B

JOB DESCRIPTION FOR THE SECURITY INDUSTRY

<u>Execute Evacuation Plans & Exercises</u>			•	•	•
• Execute evacuation plans/exercises					

Senior Security Supervisors

	SO	SSO	SS	SSS	CSO
<u>In-Charge of CCTV Center/Central Alarm Monitoring Centre/ Fire Command Centre</u>				•	•
<u>Conduct Security Audits & Risk Assessment</u>				•	•
• Assess security risks & prepare mitigation measures • Plan, confirm and conduct security audits					
<u>Higher Supervision</u>				•	•
• Plan, assess & review team performance • Train & assess subordinates • Develop individual training & competency roadmaps • Conduct After Action Reviews					

Chief Security Officer

	SO	SSO	SS	SSS	CSO
<u>Supervision Management</u>					•
• Maintain discipline & conduct • Cluster manpower planning, development & management • Conduct disciplinary inquiries & open file					
<u>Form & lead Security Watch Groups</u>					•
• Conduct operational/situational trend analysis • Conduct crime/public order threat analysis					
<u>Security & Contingency planning for Large Scale Event</u>					•
• Plan for security events • Conduct contingency planning • Conduct large scale event planning • Handle security emergencies					

ANNEX C

RECOMMENDED SECURITY WSQ MODULES FOR PROGRESSIVE WAGE MODEL

Rank	Modules
Security Officer (2 Basic Licensing Units)	• [Mandatory] Handle security incidents and services (102C-1) • [Mandatory] Provide guard and patrol services (103C-1)
Senior Security Officer (+ 2 Certificate Modules)	• [Mandatory] Manage disorderly conduct and threatening behaviour (108E-1) • [Mandatory] Operate basic security equipment (114E-1)
Security Supervisor (+1 Advanced Licensing Unit + 2 Advanced Certificate Modules)	• [Mandatory] Supervise security officers (301C-1) • Assess and address security risks (302C-1) • Induct security personnel (305C-0) • Perform supervisory duties within legal framework (304C-0)
Senior Security Supervisor (+4 Advanced Certificate Modules)	• [Mandatory] Monitor and review security operations (310E-0) • Assess and address security risks (302C-1) - <i>not inclusive if taken previously</i> • Induct security personnel (305C-0) - <i>not inclusive if taken previously</i> • Perform supervisory duties within legal framework (304C-0) - <i>not inclusive if taken previously</i> • Conduct operation briefing and debriefing (302E-0) • Lead and manage a team of security officers (304E-0) • Perform monitoring and reporting duties at central command centre (305E-1) • Deploy security equipment (308E-2) • Contribute to the management of security incidents (311E-0) • Supervise crowd and traffic control activities (315E-1)
Chief Security Officer (+ 3 Diploma Modules)	• [Mandatory] Manage security agency within legal framework (404C-1) • Manage security operations (402C-1) • Achieve work effectiveness in security environment (407C-1) • Manage and resolve conflict in security environment (406C-1)

ANNEX D

PRODUCTIVITY SCHEMES

1. Progressive Wage Incentive (PWI)

The Progressive Wage Incentive (PWI) seeks to encourage Service Buyers to best source service contracts to Service Providers who early adopt the Progressive Wage Model (PWM). Under the PWI, Service Buyers may receive up to 10% of funding of the best-sourced contract value, capped at \$150,000.

2. Inclusive Growth Programme (IGP)

The Inclusive Growth Programme (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 50% funding for technology and equipment improvement.

3. Productivity Innovative Credit (PIC)

Companies embarking on PIC scheme are eligible to claim 400% tax deduction on the qualifying expenditure up to \$400,000, as long as the companies invest in any of the six qualifying activities:

- a. Research and development
- b. Approved design
- c. Acquisition of intellectual property
- d. Registration of intellectual property
- e. Purchase or lease of prescribed automation equipment
- f. Training of employees

Instead of claiming for the 400% tax deduction, companies may also choose to convert up to \$100,000 of the qualifying expenditure into a maximum payout of \$30,000 for each year of assessment.

ANNEX D

PRODUCTIVITY SCHEMES

4. Workfare Training Support Scheme (WTS)

The Workfare Training Support (WTS) scheme is introduced to complement the Workfare Income Supplement (WIS). While WIS encourages older low-wage workers to work by supplementing their income and retirement savings, WTS encourages them to upgrade their skills through training so that they can improve their employability, upgrade to better jobs and earn more. Together, they make up Workfare, a key pillar of Singapore's social security landscape to provide support for low-wage workers so they have the best chance to progress.

WTS covers training courses offered under the Singapore Workforce Skills Qualifications (WSQ) System, including Security WSQ training courses. All WSQ courses receive 90% or 95% course fee funding support¹⁰ under WTS. This means that older low-wage workers¹¹, or their employers, only need to pay 5% or 10% course fees for all WSQ courses.

¹⁰ <http://www.workfare.sg/wts-employer.html>

¹¹ Singaporean workers who are 35 years old and above and earn not more than \$1,900 per month