

Launch of Manpower for Strategic Economic Priorities Scheme

On 13 December 2022, the Ministry of Trade and Industry (**MTI**), together with the Ministry of Manpower (**MOM**) and participating economic agencies, announced the launch of the Manpower for Strategic Economic Priorities scheme (**M-SEP Scheme**).

We set out below an overview of the M-SEP Scheme.

M-SEP Scheme

Overview

The M-SEP Scheme gives qualifying firms flexibility to temporarily hire S Pass and Work Permit holders above the prevailing Dependency Ratio Ceiling (**DRC**) and S Pass sub-DRC.

The M-SEP Scheme complements the changes that the MOM is making to Singapore's work pass framework by supporting the growth of businesses that contribute to Singapore's strategic economic priorities through ambitious investment, innovation or internationalisation activities. Designed to support firms that are needle-movers for Singapore's economic priorities and competitiveness, the M-SEP Scheme is intended to help these firms seize opportunities to successfully grow in Singapore, while securing jobs and training opportunities for Singaporeans in the process.

Eligibility conditions

To qualify, firms must contribute to Singapore's economic priorities and competitiveness and also commit to employ and/or train locals. Eligible firms can obtain additional S Pass and Work Permit quotas of up to 5% above their base workforce headcount, subject to a cap of 50 workers per firm. The "base workforce headcount" refers to the aggregate of the local workforce, S Pass holders and Work Permit holders. The "local workforce" is calculated in the following manner: (a) one local employee if he earns a local qualifying salary of at least S\$1,400 per month; and (b) 0.5 local employee if he earns a local qualifying salary of between S\$700 to below S\$1,400 per month.

To qualify for the M-SEP Scheme, firms must satisfy **both** of the following conditions:

(a) Condition 1: Participate in programmes or activities aligned with key economic priorities

To fulfil Condition 1, firms have to participate in programmes or activities in line with one of the following key economic priorities: (i) investments which support Singapore's hub strategy; (ii) innovation or research and development; and (iii) internationalisation, by participating in at least one of the qualifying initiatives by relevant supporting economic agencies or meeting specified economic criteria. The list of initiatives and specified economic criteria will be updated from time to time.

(b) Condition 2: Commit to hiring and/or training locals

To fulfil Condition 2, firms must commit to hiring and/or training locals, by increasing the overall local workforce size, sending local workers for certain whitelisted training programmes and/or being an industry leader with training excellence (e.g., filling critical skill gaps or manpower shortages for the sector, and recognised for excellent established workplace learning structures).

Validity period and renewal

The additional flexibilities accorded under the M-SEP Scheme for qualifying firms to temporarily hire S Pass and Work Permit holders above the prevailing DRC and sub-DRC (as applicable) will last for two years upon enrolment, and may be renewed thereafter, subject to meeting renewal conditions.

To be eligible for M-SEP renewal, firms will also have to show that they have met both commitments by the end of the M-SEP support period. Firms will also have to maintain their local workforce share (i.e., the number of local employees divided by the base workforce headcount) during this period. Those that fail to do so will be suspended from the M-SEP Scheme for two years. For firms that are reducing their overall workforce to become more manpower-lean, the MOM and the MTI will review these cases on a case-by-case basis.

Concluding Comments

The M-SEP Scheme¹ (which is now open for application) signals Singapore's commitment to remain open and connected, and the Singapore Government's continued support for our businesses to amplify economic growth and the creation of more good jobs for Singaporeans.

If you would like information or assistance on the above or any other area of law, you may wish to contact the Partner at WongPartnership whom you normally work with or any of the following Partners:



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¹ For further information, please refer to the MOM's website for: (i) [Manpower for Strategic Economic Priorities Scheme](#); and (ii) [FAQs on the M-SEP Scheme](#).

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