

16 September 2014

Public Transport Tripartite Committee (PTTC)

Guidelines on Good Employment Practices in the Public Bus Industry

Background

1. The Public Transport Tripartite Committee (PTTC)¹ was formed in February 2014 with the objective of sustaining the workforce for the bus and rail industries with a Singaporean core, and to provide a platform for engagement and consultation on policies that affect the public transport workforce.
2. In an Addendum to the President's Address in May 2014, Minister for Transport, Mr Lui Tuck Yew, outlined the Government's plans to implement the Government Contracting Model (GCM) for the public bus industry, which was first mooted in the Land Transport Master Plan (LTMP) 2008 and re-affirmed in LTMP 2013. With the operating licences for the two basic bus operators expiring on 31 August 2016, the Land Transport Authority (LTA) will restructure the public bus industry to one where it contracts bus operators to operate bus services through a competitive tendering process.
3. Beginning in September/October 2014, LTA will tender out three packages of bus services with service commencement from the second half of 2016. The contracts, each involving 300-500 buses, will be for five years, and can be extended by another two years on good performance. The remaining bus packages will continue to be operated by the incumbent operators. LTA will negotiate with the incumbents to run these packages under the contracting model for durations of about five years after their current licences expire. After these negotiated contracts expire, more bus services will be gradually tendered out. The gradual and phased transition will allow LTA to refine and improve on the management of contracts, as well as the tendering and handover processes, to minimise risk of service disruption.
4. For the new GCM to be sustainable and for the industry restructuring to be successful, there is a need for continued harmonious labour- and union-management relations, underpinned by a strong spirit and practice of tripartism. It is also critical to ensure that the welfare of employees affected by each transition is safeguarded and not compromised. This would, in turn, encourage such employees to continue to be productive and engaged to the benefit of the industry. As an extension of its original objectives, the PTTC oversaw the

¹ Chaired by Senior Minister of State for Finance & Transport, Mrs Josephine Teo, and comprising members from the Ministry of Manpower (MOM), Land Transport Authority (LTA), the two public transport operators, SBS Transit (SBST) and SMRT, and the National Transport Workers' Union (NTWU).

effort to ensure continued good employment practices in the public bus industry.

5. The PTTC is issuing this set of guidelines to promote sound employment practices by public bus operators, especially during the transition to the GCM. The guidelines will be referred to in their contracts with LTA under the GCM. All public bus operators should take note of these guidelines, and factor them into their tender proposals accordingly.
6. Therefore, the guidelines seek to:
 - a. Uphold the spirit and practice of tripartism in the public bus industry;
 - b. Nurture strong labour- and union- management relations in support of the industry's continued development; and
 - c. Safeguard the welfare of employees affected by each transition.

Uphold the Spirit and Practice of Tripartism

7. Tripartism is a valued feature of Singapore's approach to the management of labour relations. Under the tripartite framework, the Government, together with a responsible labour movement and enlightened employers, adopt a consultative and proactive problem-solving approach to address industrial relations issues of common concern and resolve disputes amicably for mutual benefit.
8. The PTTC is a platform for tripartite collaboration on workforce issues in the public transport industry. We will invite all public transport operators to join the PTTC and we strongly encourage bus operators to participate actively in its deliberations in support of the healthy development of the public transport industry in Singapore. This includes public bus operators under the GCM.

Nurture Strong Labour- and Union-Management Relations

9. The PTTC would like to reiterate that Singapore expects employers to be familiar and comply with all our employment legislations².
10. The PTTC strongly feels that we should continue to ensure that there is a high degree of industrial peace and harmony in the public transport sector. Bus operators, the trade union and workers should continue to work closely

² This includes, but is not limited to, the Employment Act, Retirement and Re-employment Act, Central Provident Fund Act, Industrial Relations Act, Trade Unions Act, Workplace Safety and Health Act and Work Injury Compensation Act.

together, based on mutual trust and respect, to address business challenges, issues of common concern and to ensure that terms and conditions of employment continue to be improved in a sustainable way.

11. Strong labour- and union-management relations at the company level are particularly important for essential services such as public bus services. The PTTC notes that in Singapore, more than 90% of bargainable employees in the public bus and rail industries are currently represented by the National Transport Workers' Union (NTWU), a union affiliated to the National Trades Union Congress (NTUC). The NTWU has been the representative industry trade union to draw up collective agreements with the existing public transport operators for both their bus and rail businesses.
12. As we move to the GCM, the PTTC strongly encourages all public bus operators to work closely with the representative industry trade union and:
 - a. Where the company is unionised, actively support and work closely with the trade union that is in existence in the company;
 - b. Where the company is not unionised, grant direct recognition to the trade union whose members constitute more than 50% of the employees for collective bargaining. This ensures continued harmonious industrial relations in the company;
 - c. In any case, constructively engage with the representative industry trade union to resolve any industrial disputes arising from
 - i. The terms and conditions in any collective agreement signed between the public bus operator and the trade union;
 - ii. Continuance of the employee's employment, including carrying over of the entitlements and benefits during each transition under the GCM; and
 - iii. Any other issues relating to the employment of the workers.

Safeguard the Welfare of Workers Affected by Each Transition

13. Under the GCM, each new tender or change of contract could result in a number of public bus employees transiting from one employer to another. Bus workers are valuable assets to any operator and we recognise that workers will naturally worry about a change of this kind.
14. The PTTC feels that there is a need to safeguard the welfare of the affected employees. To provide more certainty for employees affected by each transition, the PTTC recommends that three key assurances be provided and the

detailed safeguards in Annex A be incorporated in the tender specifications of LTA, and in the subsequent contracts between the public bus operators and LTA.

15. The three key assurances are that:
 - a. All affected employees must be offered a job by the incoming operator;
 - b. Affected employees must be offered employment terms which are not worse off than that enjoyed before transition; and
 - c. Affected employees can choose to join the new operator, or be redeployed by their current employer where feasible.

Conclusion

16. Good employment practices and healthy industrial relations are vital to the provision high quality public bus services. This set of guidelines would apply to all present and future public bus operators. The PTTC looks forward to working with all bus operators to ensure that we transit to the new GCM for the public bus industry seamlessly and successfully.

Safeguards on the welfare and job security of employees transiting from one employer to another under GCM

1. An affected employee is one deployed to support the operations of the routes in a tender package, including drivers, interchange staff and other workers. The list of affected employees shall be determined at the time a tender is called and provided by the incumbent operator to LTA. Upon award of the contract, the incumbent operator shall update LTA on any changes to the list of affected employees.

Continuance of Employment

Obligations of Incoming Operator

2. The incoming operator³ should be required to make an offer of employment to all affected employees of the outgoing operator⁴.
3. The incoming bus operator should:
 - a. Make the offer of employment at least 6 months before the contracted commencement date of bus service operations and provide at least 1 month to the affected employee to consider and/or accept the offer;
 - b. Ensure that the terms and conditions of employment available to affected employees of the outgoing operator (as defined in paragraph 11), as well as the salaries and allowances, at the point of offer of employment, continue to be honoured in full⁵; and
 - c. Fully recognise the length of service of the affected employee with the outgoing operator as part of his/her period of employment with the incoming operator. For avoidance of doubt, this means that the length of service of the employee with the outgoing operator will continue to be included in the determination of his/her entitlements and benefits with the incoming operator that are based on years served e.g. long service awards and retrenchment benefits.
4. Between the date of offer of employment by the incoming operator and the date of the contracted date of commencement of the services, the affected employees should continue to be under the employment of the outgoing operator, and be entitled to all the benefits of such employment.

³ “Incoming operator” refers to the bus operator who has been awarded the public bus service contract.

⁴ “Outgoing operator” refers to the bus operator who currently operates the bus services specified in the public bus service contract but has not been awarded the tendered contract.

⁵ This means that affected employees must at least have the same basic salary and the same wage structure, which includes the same type of allowances and the annual wage supplement, etc.

Obligations of Outgoing Operator

5. The outgoing operator should cooperate with the incoming operator to ensure a smooth transition of the affected employees, such as ensuring access by the incoming operator to the affected employees.
6. The outgoing operator should ensure that affected employees who have accepted the offer of employment by the incoming operator continue to have their performance assessed fairly and objectively.
7. Should the affected employees choose to reject the offer of employment by the incoming operator, the outgoing operator should, where feasible: first try to redeploy the affected employees to a similar job, failing which to another suitable job, mutually agreed upon between the outgoing operator and the affected employees. In deploying the employees to another suitable job, the outgoing operator should ensure that adequate training is provided and that their terms and conditions of employment are pegged at a reasonable and appropriate level, taking into consideration their existing job scope and responsibilities.

Affected Employees

8. Affected employees should keep an open mind and give due consideration to the offer of employment by the incoming operator.
9. Affected employees who choose to accept the offer of employment should continue to perform their duties while employed by the outgoing operator to the best of their abilities, and upon transition to the incoming operator, provide their service in accordance with the new job requirements.
10. Affected employees who choose not to accept the offer of employment should keep an open mind and give due consideration to the re-deployment options (where feasible) by the outgoing operator. This may include re-deployment to support the operations of other bus routes, functions and departments that are relevant to the employees' experience and skills. This will allow employees and employers to reach mutually agreeable arrangements that meet the needs of both parties.

Preservation of Benefits

Obligations of Incoming Operator

11. Unless otherwise specified in the tender documents, the incoming operator should offer at least the same terms and conditions of employment to all affected employees, as provided in the following:

- a. Collective Agreement (CA) between the outgoing operator and the representative trade union;
- b. Letters of Exchange between the outgoing operator and the representative trade union; and
- c. Letter of Employment between the outgoing operator and the affected employee.

Updated information on these terms and conditions should be provided by incumbent bus operators to LTA at the time the tender specifications are drawn up, and aggregate information on these terms included in the Tender Documents. Additionally, the incoming operator should take reference from past trends of annual wage increments, prevailing labour market conditions and the National Wage Council's recommendation on wage increases when making an offer of employment to the affected employees.

12. All terms and conditions offered by the incoming operator should remain in force for at least one year after the contracted date of commencement of bus services. Any change in such terms and conditions may be considered subject to mutual consent by the contracting parties and LTA's endorsement.

Obligations of Outgoing Operator

13. The outgoing operator should encash any remaining annual leave due to the affected employee before he/she joins the incoming operator. The outgoing operator should also pay any earned bonuses and pro-rated Annual Wage Supplement of the affected employee for the period of employment under the outgoing operator, as long as such bonuses are declared within a year of the affected employee's commencement of employment with the incoming operator, and the employee remains employed by the incoming operator.

Keeping Affected Employees Updated on their Employment Situation

14. The incoming operator should actively and regularly update affected employees on matters concerning their employment. Specifically, the incoming operator should notify the affected employee and the trade union of the affected employee (if any) of:
 - a. The approximate date of commencement of employment with the incoming operator;

- b. Any measures and activities during the transition period⁶ (such as training of bus drivers) that the incoming operator will take in preparation for service commencement that will impact the affected employee; and
- c. Any other information that is necessary and helpful to the affected employee to fulfil his/her obligations as a result of accepting the incoming operator's employment offer.

Training and Safety

Obligations of Incoming Operator

- 15. For any training and/or briefing sessions conducted by the incoming operator for the affected employees in preparation for the commencement of service, the incoming operator shall:
 - a. Engage the outgoing operator to work on the arrangements for the release of the affected employees for the sessions, and to reimburse the outgoing operator any incremental cost⁷ incurred as a result of the arrangements;
 - b. Work with the outgoing operator to ensure that the sessions do not affect the continuity of bus services; and
 - c. Reimburse affected employees for any cost incurred in attending briefing or training sessions after working hours. The incoming operator shall also ensure that the time and duration of the sessions, if conducted outside the affected employees' working hours, are in compliance with the Employment Act and that the affected employees have sufficient rest.

Obligations of Outgoing Operator

- 16. The outgoing operator shall facilitate the arrangement of the release of the affected employees for any training and/or briefing sessions conducted by the incoming operator during the transition-out period without affecting the continuity of bus services.

⁶ The transition period for the affected employee refers to the period from the date of acceptance of offer of employment by the incoming operator until the date of service commencement with the incoming operator.

⁷ Examples of such costs include training allowances and additional cost incurred for replacement drivers.