



27 December 2017

Attn: Security Buyers

Increase in Security Costs – Changes to the Security Officer Progressive Wage Model Basic Salaries and Removal of the Overtime Exemption

1. We refer to the announcement by the Security Tripartite Cluster on 23 November 2017, of the increases to the Security Officer Progressive Wage Model Basic Salaries, starting from 1 January 2019 and continuing on a yearly basis up till at least 2024, and the Removal of the Overtime Exemption with effect from 1 January 2021. The Security Tripartite Cluster's recommendations, which were accepted by the Government may be found on the website of the NTUC. Buyers should note that the stipulated increases are of the **basic salary**, and do not include overtime pay, which significantly multiplies the base salaries increases in gross terms.
2. Given the significant increases in security officers' salaries, as well as new requirements under the annual Security Agencies Grading Exercise, the Security Association Singapore projects that **costs for the deployment of security manpower will increase by at least 30% from 2017 prices by 1 January 2021**. As such, security buyers should expect **an increase of at least 10% on average in year-on-year prices starting from 2018 going up to 2021, and an increase of at least 5% in year-on-year prices starting from 2021 going up to 2024**.
3. As the increases to security officers' salaries are **mandatory**, it follows that **security agencies that do not make the necessary increases to security prices starting from 2018 are unlikely to be able to meet the mandatory increases in salaries and are therefore unlikely to be able to provide quality service to buyers**. Furthermore, better performing security officers are already drawing salaries higher than the current base salaries and will continue to expect to be paid higher than the increased wages. In this regard, buyers who pay consistently low rates are unlikely to be able to attract these better officers and should be realistic on their performance expectations of the security officers deployed at their site. Security buyers should therefore look to **increasing their security budgets from 2018** in at least the proportions stipulated in **Paragraph 2** above.
4. Security buyers may wish to consider putting in place **technology-based solutions** to achieve more cost-effective security coverage without comprising the physical security of their premises. Security buyers could also consider adopting **performance-based contracts that stipulate the desired security outcomes** rather than headcount-based contracts that stipulate the number of officers to be deployed.
5. Queries on the above may be directed to counsel@sas.org.sg or 6836 0933.

Faithfully,

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