The National Trades Union Congress (NTUC) has proposed to the National Wages Council (NWC) that workers be given a minimum dollar amount as an increment to their basic pay – instead of getting it as a one-off payment.

The fixed dollar amount should be enough to offset the impact of inflation for low-wage workers, sources said. This move to boost the pay of low-wage workers comes amid the drive by the Government and NTUC to raise the pay of these workers, especially those in the cleaning and security sectors.

Currently, the NWC issues broad guidelines that increments have two parts: a fixed amount plus a percentage increase. It does not specify what that fixed amount should be.

Interviews declined to disclose the fixed amount but one described it as “meaningful” for low-wage workers. The amount is believed to be higher than inflation for a worker earning less than $1,000 monthly. If accepted, the proposal will use the real wages of these workers going up to inflation rose 1.2 per cent in March but the prices of necessities and essential services rose at a more moderate pace of 1 per cent over the last year, Deputy Prime Minister Tharman Shanmugaratnam, who made the point at a May Day dinner on Sunday.

The NTUC proposal stems from its preference for low-wage workers to get a pay rise based on a fixed dollar amount plus inflation rather than calculated as a percentage of their pay. It was tabled at NWC meetings last month. A source familiar with the annual wage talks said there was no immediate objection to the idea from the employer representatives on the council.

The 18-member NWC is made up of a chairman, six NTUC unionists, six representatives from employer groups, and five public-sector officials.

Some MPs and bosses interviewed liked the proposal. Mr Zainudin Nordin, MP for Bishan-Toa Payoh GRC, said he “definitely welcomed” the idea of an “inflation plus” model. “It will help low-wage workers, because their main worry now is the cost of living,” said the chairman of the Government Parliamentary Committee for Manpower.

Mr T. Mogan, security director of security and investigation firm Dragnet, is not fazed by the higher wage bill. He argued that the bigger pay packet would attract better workers and this will, in turn, improve the image of the industry.

However, he urged the NWC to educate employers not to suppress wages by going for the cheapest bid when buying security and cleaning services.

UniSIM’s Associate Professor Randolph Tan, however, feared that fixed pay increases could reduce flexibility in the labour market and may be counterproductive. He said: “The higher wage increases benefit only those who are employed, as it may not prevent employers from laying off those who are relatively too costly.”

Prof Tan prefered that employers “systematically ensure that their low-wage workers move up the skills and productivity ladder”.

The NWC is expected to discuss the NTUC proposal when it meets again in two weeks’ time and is likely to recommend it if it is accepted by the council.

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