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'It's no good being a contract worker. I get no benefits, no bonus and when the recession comes, I'm the first to go.'

[Special report: contract workers' woes]

MAVIS TOH

For three years, Mrs Nancy Yeow worked as an assembly line operator alongside her best friend in a Jurong factory.

Both did the same job and put in the same hours. Yet, Mrs Yeow earned \$80 less a month. She also received no medical coverage and had to take unpaid leave when she fell sick.

The reason: Mrs Yeow was a contract employee while her friend was a permanent one.

Six weeks ago, the mother of two teenage children was retrenched when her company decided to scale back its operations.

"It's no good being a contract worker. I get no benefits, no bonus and when the recession comes, I'm the first to go," said Mrs Yeow, 48, in Mandarin.

Mr Lim Boon Heng, Minister in the Prime Minister's Office, highlighted the plight of contract and part-time workers two Saturdays ago, when he pointed out that Singapore can expect this pool of employees to swell in the economic downturn.

The trend worries him as these workers rarely receive social security coverage, such as medical benefits and contributions to Central Provident Fund (CPF) accounts. He has urged the National Wages Council to study the issue.

The number of contract workers has been rising steadily. The Ministry of Manpower (MOM) said there were 189,100 such workers last year, up from 180,200 in 2007 and 172,000 in 2006.

MOM defines contract workers as those who work part-time, full-time and on ad-hoc projects that last a few months.

They tend to be low-skilled, low-wage workers who are usually of low education and aged above 45. They work as cleaners, hawker assistants, packers and factory line operators, among other things, and earn between \$500 and \$1,200 a month.

Increasingly, however, more employees are being hired at the professional, managerial, executive and technical level on a contract basis. Some are hired for projects in the information technology (IT), research and banking sectors.

Ms Annie Yap, chief executive officer of recruitment firm The GMP Group, said contract jobs are widespread in industries like manufacturing and IT. Her company currently supplies more than 1,000 contract staff to computer firm Hewlett-Packard, most in IT-related positions.

Computer firm IBM also hires contract workers for regional and country roles for between six months and two years.

"The contract workers bring specific or unique skills required to complete a project," said a spokesman. "This also allows us to maintain a core group of full-time employees and yet have flexible staffing options with contract workers."

Tough for the low-skilled

Mr David Ang, executive director of the Singapore Human Resources Institute, said employees on renewable contracts usually enjoy the same pay and benefits as permanent staff.

But low-skilled workers like Mrs Yeow are not so lucky.

The National Trades Union Congress' (NTUC) Unit for Contract and Casual Workers (UCCW) often sees low-wage workers seeking help over issues like the non-payment of wages, CPF payments, annual leave and medical benefits.

Its deputy director, Ms Sylvia Choo, said many of these contract workers are illiterate and cannot read their employment contracts. Many are even employed without contracts.

But contract workers in professional jobs are more discerning and aware of avenues to seek help.

Tough times
"It will be a tough time for those on contracts, especially the unskilled and uneducated ones. If the volume of work drops, less work needs to be done, and they could be laid off."

MR DAVID ANG, executive director of the Singapore Human Resources Institute

One cleaner, who wanted to be known only as Mr Lau, 64, said he has not signed a contract with his employer. He pulls 12-hour shifts six days a week and had his pay docked when he fell sick.

"When there are many cleaners, they tell me I don't need to come to work for a few days," he said. "I also don't get paid for those days."

Another contract worker, Mr Louis Francis Albert, 59, claimed he has been paid CPF only once in his 30 years as a musician. He plays in clubs and hotels six days a week but said he has never enjoyed any medical coverage, bonuses or CPF contributions.

"It's always a raw deal for contract workers. We work longer than people who job hop and never take medical leave, but we're second-class residents," said Mr Albert. "There's no welfare and benefits."

Human resource consultants said the blame must fall on firms which supply these workers, as it is usually they who dictate whether a worker receives welfare, medical and CPF benefits.

An HR executive told The Sunday Times that contract workers in her factory, who are supplied by an agency, are not entitled to annual leave, medical benefits or CPF contributions.

For their part, suppliers said workers often prefer cash instead of CPF contributions as their wages are low.

NTUC's Ms Choo said firms who need contract workers should work with service providers who offer workers fair employment terms and benefits.

"It's dangerous to depend on the cheapest quote," said Ms Choo. "If vendors must earn something, they will cut corners and the easiest way is to cut the wages of workers."

Specialists fare better

Not all contract workers get a raw deal.

At OCBC Bank, contract workers hired for ad-hoc resource intensive projects and specialist functions, such as IT, are treated in the same manner as workers on its permanent payroll.

At SembCorp Marine, the more than 12,000 sub-contracted workers enjoy similar opportunities to their peers, including the chance to be promoted to a supervisory or managerial position.

But in these recessionary times, contract workers are still the ones most likely to be axed when costs need to be cut.

Most firms are not obliged to pay contract workers a severance package and thus find it more cost effective to lay them off.

Last month, chipmaker Chartered Semiconductor Manufacturing cut 273 contract positions.

"It will be a tough time for those on contracts, especially the unskilled and uneducated ones," said Mr Ang of the Singapore Human Resources Institute. "If the volume of work drops, less work needs to be done, and they could be laid off."

Training will help

"They need to go for training to get a new and better job, to get out of the vicious circle of being in contract work."

MS SYLVIA CHOO, deputy director of the NTUC's Unit for Contract and Casual Workers, on what's most important for contract workers

Those still holding on to their jobs, however, may end up receiving their pay later as companies struggle to make ends meet.

The number of contract workers will also swell as permanent workers, laid off from their jobs, join the pool. Firms might also turn to contract workers given the uncertain times.

Mr Ang, who is also involved in community work, said he has seen a 20 to 30 per cent increase in the number of contract workers seeking help at Meet-the-People sessions in recent months. Most have lost their jobs and are asking for food vouchers, lower rental fees and even transport money for their school-going children.

The most vital step for contract workers, Ms Choo said, is to go for training to improve their skills.

"They need to go for training to get a new and better job, to get out of the vicious circle of being in contract work," she said.

She added that workers can also turn to NTUC for various training support schemes, while the unemployed can get help to find jobs.

In the case of former factory worker Nancy Yeow, her husband, a taxi driver, will have to shoulder all family expenses for the time being. "My friends are helping me by asking around their factories for work, but the market is really bad right now," she said.

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OCBC Bank

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SembCorp Marine

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BUT..

In a recession, contract workers are still the ones most likely to be axed when costs need to be reduced, as most firms are not obliged to pay them a severance package.