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**GREATER PROTECTION FOR GIG ECONOMY WORKERS:**

**IMPACT ON EARLY-STAGE START-UP ECOSYSTEMS IN SINGAPORE**

**Introduction**

The regulatory landscape for gig economy workers is set to change in the coming years. On 23rd November 2022, the Ministry of Manpower (MOM) announced that it has accepted all 12 recommendations by the Advisory Committee on Platform Workers, and it will continue to work with relevant stakeholders to implement these recommendations through progressive stages.[[1]](#footnote-1) As such, while the Advisory Committee has provided broad directions for Singapore, much uncertainty lies ahead in the implementation roadmap.

In this article, we explore the scope of coverage for key recommendations with respect to the implications on early-stage start-up ecosystems in Singapore. Specifically, we look at the report of the Advisory Committee on Platform Workers issued on 17th November 2022[[2]](#footnote-2) and its impact on existing policies across the focus areas of:

a. Ensuring adequate financial protection for Platform Workers in case of work injury;

b. Improving retirement and housing adequacy of Platform Workers; and

c. Enhancing representation for Platform Workers.

# Who does it cover and when will it take effect?

At present, the proposed extended protection does not extend to all variants of gig economy workers. Rather, the scope has been narrowly defined to apply only to a subset of “platform workers”. This refers specifically to delivery workers, private-hire car drivers and taxi drivers who use online platforms to match demand for their delivery and point-to-point (P2P) transport services, but who are not employees of the companies operating these platforms.[[3]](#footnote-3) Thus, early-stage start-up platforms who operate business services outside of these areas would not be affected in the short term. The intention of the Advisory Committee thus far is to target the identified high-risk group of platform workers for extended protection. However, there is no indication that such protection will not be extended to other categories of gig economy workers in the future.

With regards to the timeline ahead, MOM has indicated that the recommendations will be implemented from the later part of 2024 at the earliest, unless major economic disruption warrants a longer duration.[[4]](#footnote-4) The government will continue to work closely with the tripartite partners and other stakeholders to ensure a smooth roll-out of the proposed recommendations and legislative changes will be required.[[5]](#footnote-5) Early-stage start-up platforms will have ample time to adapt and comply with legislative changes.

**Ensuring adequate financial protection for Platform Workers in case of work injury**

The recommendation by the Advisory Committee has provided much needed clarity regarding the liability of the platforms when a platform worker switches frequently between competing platforms and performs different tasks throughout the day. For instance, only the platform which the individual was working for at the specific point of injury would be responsible for providing compensation. However, in scenarios where a platform worker is simultaneously “at work” for multiple platforms, the Advisory Committee proposed a framework to apportion responsibility between the platform companies involved.[[6]](#footnote-6) Thus, to avoid co- liability where possible, early-stage start-up companies operating in this space would benefit from introducing clear

operating policies whereby platform workers are prohibited from accepting tasks from competing platforms until the current task is completed.

Another key consideration addressed by the Advisory Committee is the specific definition when a platform worker is “at work” and the platform is thus held responsible. A distinct line is drawn between on-demand / time-sensitive platform sectors (ride-hail and food delivery) versus less on-demand / less-time sensitive platform sectors (goods delivery). Waiting time for a job is included for the former but excluded for the latter.[[7]](#footnote-7) However, the exact buffer for a reasonable amount of waiting time has yet to be determined. It may be beneficial for early-stage start-ups operating in this space to allocate different drivers for different categories of tasks instead of co-mingling different tasks to the same driver. In addition, these start-ups will also benefit from apportioning their own definition of waiting time when an individual is considered at work with the platform under different circumstances. Thereafter, to engage in stakeholder discussions with the authorities where appropriate.

In general, platform companies will be required to provide the same scope and level of work injury compensation as employees’ entitlement under the Work Injury Compensation Act (WICA), when they are found to be liable.[[8]](#footnote-8) Since the provision of work injury compensation insurance could be done through the existing open and competitive insurance market, the implementation cost for early-stage start-ups will be manageable.

**Improving retirement and housing adequacy of Platform Workers**

With regards to Central Provident Fund (CPF) contributions, the key idea proposed is to increase contribution rates with a flexi-approach for different target groups. For platform workers aged below 30 in the first of implementation, CPF contribution rates for both the platform and the individual will have to align with the rates of employers and employees respectively. Older cohorts aged 30 and above in the first year of implementation may also opt in to the full CPF contribution regime. [[9]](#footnote-9) In general, the adopted recommendations result in heavier CPF obligations on the platforms, and they will be required to help collect platform workers’ CPF contributions towards timely contributions.

In terms of implementation, it will occur over a 5-year period and the Government will be working closely with the affected platform companies to develop the new collection mechanism and monitor the cost impact of any systems development needed.[[10]](#footnote-10)

While the Advisory Committee has indicated that platform companies which exert significant level of management control over platform workers should provide CPF contributions at the same rates as employers,[[11]](#footnote-11) the threshold for standard of control is still unclear. Thus, it is uncertain if a platform exhibiting low management control will be treated any differently if it is still operating within the space of ride hailing, food delivery or goods delivery. For gig economy platforms operating outside of these business areas, it remains uncertain if a similar CPF regime would take effect in the future, should a high level of management control be exhibited.

**Enhancing representation for Platform Workers**

Finally, there will be enhanced formal representation for platform workers and the Tripartite Workgroup on Representation for Platform Workers (TWG) has been set up to co-create the new representation framework.[[12]](#footnote-12) The TWG will scope out the potential issues that can be negotiated between a platform company and the representative body; and develop a dispute management framework to efficiently resolve disputes between negotiating parties. [[13]](#footnote-13)

Therefore, early-stage start-up platforms operating in this space can look forward to a more cost-efficient dispute resolution process involving platform workers. In gist, the Advisory Committee has also clarified that platform workers will not be treated as employees in entirety and the Employment Act (EA) will not apply.[[14]](#footnote-14) While the frequency of disputes may increase with a stronger formal representation for platform workers, including a new dispute management framework, the level of disputes will not occur at the same threshold as employment contracts. It is likely that this new framework will operate in parallel with the existing Employment Claims Tribunal (ECT).

**Conclusion**

It is clear from the adopted recommendations that the Government stands by the principle of preserving flexibility as a key feature of platform work. Early-stage start-up platforms operating in the gig economy space will still be able to leverage on a flexible labour market for on-demand services, as these workers will not be subject to the EA. However, the cost of deploying platform workers will increase with greater mandated protections and increased CPF contributions.

Globally, most countries have moved ahead to strengthen protection for platform workers, albeit with some challenges. In the United States, a few states have tried to classify platform workers as employees but faced legal hurdles. Such a proposition was ruled unconstitutional in a Californian Superior Court ruling in 2021. While there has been no international consensus on whether platform workers should be treated as employees, there is broad recognition of the importance of strengthening protections for platform workers. For instance, the International Labour Organization has highlighted the need to ensure that Platform Workers have decent work and access to social protections.[[15]](#footnote-15) Thus, striking a balance between greater protection for these workers, while retaining flexibility of deployment for the platforms is a matter of substance and not form. Singapore’s regulatory approach thus far is in line with this approach.

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1. MOM, “Government Accepts Recommendations by the Advisory Committee on Platform Workers to Strengthen Protections for Platform Workers”, 20th December 2022, online: < https://www.mom.gov.sg/newsroom/press-releases/2022/government-accepts-recommendations-by-the-advisory-committee-on-platform-workers>. [↑](#footnote-ref-1)
2. Advisory Committee on Platform Workers, “Strengthening protection for platform workers”, 20th December 2022, online:

   < https://www.mom.gov.sg/-/media/mom/documents/press-releases/2022/strengthening-protections-for-platform-workers-report.pdf>. [↑](#footnote-ref-2)
3. Advisory Committee on Platform Workers *supra* n 2, at [4]. [↑](#footnote-ref-3)
4. Advisory Committee on Platform Workers *supra* n 2, at [7]. [↑](#footnote-ref-4)
5. Advisory Committee on Platform Workers *supra* n 2, at [56]. [↑](#footnote-ref-5)
6. Advisory Committee on Platform Workers *supra* n 2, at [6]. [↑](#footnote-ref-6)
7. Advisory Committee on Platform Workers *supra* n 2, at [39]. [↑](#footnote-ref-7)
8. Advisory Committee on Platform Workers *supra* n 2, at [6]. [↑](#footnote-ref-8)
9. Advisory Committee on Platform Workers *supra* n 2, at [7]. [↑](#footnote-ref-9)
10. Advisory Committee on Platform Workers *supra* n 2, at [40]. [↑](#footnote-ref-10)
11. Advisory Committee on Platform Workers *supra* n 2, at [45]. [↑](#footnote-ref-11)
12. Advisory Committee on Platform Workers *supra* n 2, at [55]. [↑](#footnote-ref-12)
13. Advisory Committee on Platform Workers *supra* n 2, at [56]. [↑](#footnote-ref-13)
14. Advisory Committee on Platform Workers *supra* n 2, at [30]. [↑](#footnote-ref-14)
15. Advisory Committee on Platform Workers *supra* n 2, at [22]. [↑](#footnote-ref-15)