Platform firms must not exploit protection for platform workers for more profit

Transparency over how much any price hike goes to workers will be needed.

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For any developed economy, strong social protections for the labour force are vital enabling ingredients for growth. In the context of economic activity in Singapore, the quiet provision of minimum wages, medical insurance and workplace safety have underpinned the social impact of work. These arrangements ensure workers have the peace of mind to pursue their best foot forward and companies are incentivised to avoid exposing their workforce to unnecessary risks.

This safety net, woven together by the Government, employers and employees, is often overlooked in daily life, but can be a life-saver when companies go out of business or people are made redundant, or they suffer an ailment that puts them out of work. For a long time, this social safety net for platform workers was lacking. Platform companies classified delivery workers and private-hire drivers as independent, freelance contractors rather than employees for whom insurance coverage and Central Provident Fund (CPF) contributions would be provided. They exerted huge control over these workers, set terms and conditions of jobs, and paid them a fraction of their labour costs. But because platform workers were new form of employment and the numbers were small, regulations did not catch up with these platform companies.

Finally, things have changed, with the announcement by the Advisory Panel on Platform Workers of greater protections, including CPF payments and insurance, for this group of people.

Move in the right direction

The platform economy sprawled more than a decade ago, grabbed global attention, and is now firmly rooted in many economies. The need for a robust and reliable demand for private transport, online shopping and food deliveries, and provided income for many workers during the pandemic over the past three years.

So it’s little surprise the numbers involved have increased over time. With more than 23,000 workers today, the platform economy in Singapore can hardly be regarded as niche and not to be taken lightly.

As platform companies mature, so should protections for their workers. By requiring platform companies to provide workers with necessary baseline protections against workplace injuries, sickness and other accidents endangering their income, Singapore is closing an important employment policy gap. Media coverage of the danger and vulnerabilities in income faced by platform workers has shone the spotlight on the plight of this segment.

Platform companies also need to have an unfair advantage, as they did not have to provide health insurance or CPF contributions for these workers. Now, the playing field will be levelled, with such companies on a more equal footing with many traditional transport and delivery companies, who have been dutifully paying insurance costs and medical benefits for employed workers.

Higher prices the new reality

Consumers may face higher prices for their delivered food, parcels or rides. This is not palatable in a high-inflation environment. But the current situation is not tenable for platform workers. A price increase is a small cost to pay for greater social equity. By the design of their roles, platform workers tend to be poor and less educated, with lower transferable skills to move into other companies or industries.

Consumers understand the low prices are unsustainable. Ms Goh Swee Chen, chairman of the Advisory Committee on Platform Workers, mentioned a survey where 98 percent of respondents were willing to pay more to offer platform workers better protection.

The median increase consumers were willing to stomach was 15 percent more, which should be more than any resulting fare hike imposed by platform companies. This willingness to pay is surprising when consumers have to deal with rising costs of living, but it shows that most of us in Singapore are open to supporting platform workers, even if we pay a little more for this cost.

The key challenge is to find a way to keep the cost of living low without putting undue pressures on workers.

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Transparency in price rises

As the moves are implemented, we should also watch for how platform companies will adjust prices. The added costs could be borne by companies or customers, but it deflates the purpose of the policy if workers’ wages are cut just to pass the cost. It is also essential to ensure that workers do not lose their jobs. Singapore is not alone in trying to find a balance between the needs of companies and the welfare of workers.

All we need to know that opting into the CPF regime increases one’s overall income as employers have to pay CPF contributions on earned wages and all CPF accounts earn interest. With higher CPF savings, people can also more easily afford a home, car and the other things needed to live a better life.

We should also watch out for the effectiveness of the policy. For example, the CPF contribution rate may increase as workers need more CPF for their retirement. The government can then adjust the contribution rate or introduce other measures to ensure workers are adequately protected.

The platform economy poses to Singapore’s social compact regarding work. Singapore’s Support Programme provides a modest retirement income for the bottom one-third of the population unable to accumulate sufficient retirement savings due to low incomes during their working years. If CPF contributions for this lower-income group come in earlier when they are younger workers, as is the case now for young platform workers, we can potentially lower future government expenditure.

Singapore’s moves in protecting platform workers could be a role model for other global economies grappling with the effects of the platform economy and searching for answers on how to shape platform work into equitable jobs. If platform work is here to stay, we need to protect our platform workers. Grapes of the costs aside, a stronger safety net can tackle the precarity faced by this group and enable them to save enough for the future should they continue in these roles.

Source: The Straits Times, pB3

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Delivery riders at Boonan Junction 8 shopping mall. The platform economy expanded more than a decade ago, grabbed global attention, and is now firmly rooted in many economies. ST FILE PHOTO