

Platform Workers Act strikes crucial balance for future of gig economy

The Act grants platform workers much-needed protections while allowing room for business innovation.

Mathew Mathews

The passing of Singapore's Platform Workers Bill is a monumental step in addressing the evolving nature of work in the digital age.

As gig economy platforms such as Gojek and Grab become ingrained in everyday life, the status of platform workers has increasingly come under scrutiny.

Striking a careful balance between protecting workers' rights and preserving the flexibility that the gig economy aspires to provide is not easy. It is an issue faced by many countries.

ADDRESSING THE CLASSIFICATION DILEMMA

One of the thorniest issues in the gig economy is the classification of platform workers.

Currently, these workers are classified as self-employed, meaning they lack access to the benefits that employees enjoy under Singapore's Employment Act. They do not receive paid leave and Central Provident Fund (CPF) contributions, and have no mandated work injury compensation.

Platform operators, on the other hand, refer to these workers as "partners" – independent contractors who provide services to consumers. This arrangement theoretically gives workers the freedom to work when and how they want, setting their own hours and determining their earnings based on effort. However, the reality is far more complex.

There is a clear power imbalance between platform workers and operators. Algorithms dictate the terms of engagement, and workers are heavily managed by the platforms, from job allocation to performance ratings.

The supposed autonomy that gig workers have is often illusory.

To earn a decent wage, platform workers must conform to the app's rules and work patterns, much like traditional employees, but without the associated benefits.

Singapore's recognition of this hybrid status in the new Act is a crucial acknowledgment of the reality these workers face.

A NEW CATEGORY OF WORKER

The Platform Workers Act carves out a distinct category for platform workers, acknowledging that while they exhibit some traits of employees, they also retain a degree of flexibility.

The Act grants platform workers protections that are much needed, while still maintaining their independent status.

The most significant of these protections are CPF contributions, crucial for home ownership and retirement planning in Singapore. Platform workers born from 1995 onwards will be automatically enrolled for CPF contributions, while older workers can opt in.

While some may balk at the idea of lower take-home pay, the long-term benefits of CPF savings – such as easier access to housing and retirement adequacy – cannot be overstated.

Many platform workers recognise the importance of saving but need structured mechanisms to help them do so.

The Act provides just that, ensuring that CPF contributions are promptly deducted and funnelled into workers' CPF accounts.

Of course, there are concerns that CPF deductions will hit low-income workers the hardest, with less cash to take home at the end of the day.

But the Government's decision to offer support during the first year is an important move, softening the blow and ensuring no immediate impact on take-home pay.

Under the Platform Workers CPF Transition Support scheme, Singaporean platform workers earning \$3,000 or less in net income from platform and other jobs will receive direct cash payouts.

These payments are designed to offset the rising CPF contributions to their Ordinary and Special accounts as their contribution rates gradually rise to match those of regular employees.

In the first year, the increase will be fully offset, with the support reducing by 25 per cent each year until 2028.

This phased approach, while compassionate, is also strategic. It gives workers the "nudge" they need to invest in their long-term financial well-being through opting in to CPF deductions, a decision they cannot later retract.

PROTECTING WORKERS WITHOUT SACRIFICING FLEXIBILITY

Another essential protection introduced by the Act is Work Injury Compensation, which will be on a par with what regular employees in similar sectors receive.

Delivery riders and private-hire vehicle drivers face significant risks in the course of their work. A 2022 Institute of Policy Studies survey found that around a third of delivery riders in Singapore had experienced an injury requiring medical treatment.

The Act recognises these dangers and requires platform operators to address workplace risks through safety assessments and risk control measures.

However, it is important to note that this coverage extends only to periods when platform workers are actively engaged in work tasks such as picking up or delivering passengers or items.

While some argue that accidents during waiting periods should be covered, the unique status of platform workers – who still retain some control over their schedules – makes it impractical to extend full coverage for non-working

periods. This is a reasonable compromise, ensuring protection without overextending the platform operator's liability.

AVOIDING OVER-REGULATION AND ACHIEVING POSITIVE OUTCOMES

While the Act is primarily designed to safeguard the needs of platform workers, it is mindful not to overly burden platform operators in the process. It offers clarity on how liability is determined for workers performing tasks across multiple platforms.

The administrative hassle of determining the net earnings of workers has also been reduced through the application of a Fixed Expense Deduction Amount which computes a 60 per cent deduction for those who use cars, vans and lorries in their platform work, 35 per cent deduction for those who use motorbikes and 20 per cent for those who use bicycles or public transport.

Some argue that the Government should go further, auditing algorithms for fairness or guaranteeing minimum earnings.

However, as Senior Minister of State for Manpower Koh Poh Koon

pointed out during the second reading of the Bill in Parliament, there is a risk of over-regulation, which could stifle innovation and harm the very workers the Bill seeks to protect.

If companies are faced with an unsustainable burden of regulatory compliance, they may opt to leave, reducing competition and limiting opportunities for workers. Singapore has wisely chosen not to legislate in areas that could disrupt the delicate balance between worker protection and business innovation.

Instead, the Act empowers platform worker associations to negotiate collective agreements with a platform operator and take matters to the Ministry of Manpower for conciliation.

Platform associations can thus negotiate with operators on key issues like compensation and working conditions.

This approach allows for greater flexibility and transparency, as workers and operators can collaborate to find solutions that serve both sides' interests.

Additionally, market forces help restrain platform operators who might attempt to pass on the added costs of worker protections to platform workers or consumers.

If platform workers feel they are being underpaid or treated unfairly, they can choose to switch to competing platforms.

Price-conscious consumers are also likely to opt for platforms that absorb most of these protection costs, even though they understand they may face some inevitable price increases when using such services.

We must be realistic about how much competition alone can push platform operators to absorb additional costs.

The nature of the platform economy means that large players dominate due to network effects, drawing in more users and making it tough for smaller competitors to gain traction.

This is why regulation is essential to curb anti-competitive practices as the platform economy continues to grow.

Without it, the market will remain tilted in favour of one or two giants, leaving little room for true competition and therefore less choice for workers and consumers to vote with their feet.

THE TRIUMPH OF TRIPARTISM

The successful passage of Singapore's Platform Workers Bill, while many other countries remain stalled on this issue, highlights the effectiveness of tripartism in Singapore.

The close collaboration between the Government and the tripartite partners enables the Government to simultaneously be pro-worker and pro-business.

The Platform Workers Act – the culmination of a three-year process – is a testament to this collaborative spirit, where multiple stakeholders have been able to come up with a well-calibrated policy that protects workers without stifling business.

• Mathew Mathews is head of Social Lab and principal research fellow at the Institute of Policy Studies, National University of Singapore. His areas of research include platform work.



The most significant of the protections granted by the Platform Workers Act are CPF contributions, crucial for home ownership and retirement planning in Singapore, says the writer. While some may balk at the idea of lower take-home pay, the long-term benefits of CPF savings cannot be overstated. ST FILE PHOTO