

DEBT, DELAYS, DEDUCTIONS:

WAGE ISSUES FACED BY FOREIGN DOMESTIC WORKERS IN SINGAPORE

SEPTEMBER 2006



*Transient
Workers
Count Too*

FOR ENQUIRIES:

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FOREWORD

There are about 160,000 foreign domestic workers in Singapore. Most are from the Philippines. Almost 70,000 are from Indonesia while a smaller pool of workers comes from Sri Lanka and India. The smallest pool of foreign domestic workers is from Myanmar. Foreign domestic workers are all female, all transient, as they cannot marry Singaporeans and live here as citizens. Foreign domestic workers can be single women, wives, mothers and/or divorcees. These workers leave their homes to embrace a new way of life in the privacy of our homes – keeping our homes clean, caring for our children and elderly, cooking for us and strive to stay on top of all matters related to the household. Most are workers who try hard as they cannot afford to go back home and do need to send money home to dependents.

As with any worker one hopes to have a good employer, be treated fairly, get one's wages promptly, receive some benefits, be able to save and be treated with respect. But for foreign domestic workers these wishes sometimes do not materialise and it is difficult to know, without research, to what extent foreign domestic workers are not treated fairly.

As such this piece of research that Transient Workers Count Too (TWC2) has undertaken is aimed at getting some sense - through the workers' accounts - of how wages are administered for the work done by the foreign domestic workers. This report does not lay claim to being definitive on the subject of foreign domestic workers and their wage issues. The results indicate trends that are already disturbing and also show up the need for further scrutiny, more analysis and debate that needs to surface from a bigger study.

This project has painted a broad landscape of the key wage-related problems faced by foreign domestic workers but as the sample size is smaller than desired, it is hoped that TWC2 will be financially capable of carrying out a bigger scale study to strengthen the findings that are also currently borne out through the anecdotal information given by support service organizations that give direct assistance to foreign domestic workers.

This is TWC2's sixth research piece in the last three years and we hope to continue doing more as well as deepening the discussions in this research so that this work can be further enhanced to impact policies more directly. For now it is for me to thank Exco member, Ms Stephanie Chok who made the 'mistake' of popping into my office and landed herself with a research project that has borne fruit today. This whole project would not have happened but for the sheer grit and passion of our volunteers who pounded the streets to find willing interviewees for the survey. And for pulling the strands together and writing up this report we have to applaud the efforts of Ricky Wang and Delia Paul.

It has been challenging but exciting. More lies ahead and with your support we look forward to delivering more too.

Braema Mathi
President, Transient Workers Count Too
Singapore, September 2006

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Transient Workers Count Too (TWC2) is indebted to the many people who contributed to this report. Numerous domestic workers generously gave of their limited free time to share their experiences with us. They were assured of complete confidentiality.

We thank Braema Mathi for her vision and collaboration in initiating the report and guiding its direction, and the TWC2 Exco members for their valuable feedback on early findings.

Alice Cheah of Caregivers Centre and Daisy Lopez of Workhome Personnel provided key insights gleaned from their years of experience in placing domestic workers with employers. The Archdiocesan Commission for the Pastoral Care of Migrants and Itinerant People (ACMI) and the Humanitarian Organisation for Migration Economics (HOME) kindly gave access to workers in shelters who were willing to tell their stories.

And to the TWC2 volunteers who gave up their weekends to pound the streets and hold interviews in coffee shops – thank you! Thank you! Thank you!

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EXECUTIVE SUMMARY

Debt. Foreign domestic workers in Singapore arrive with heavy debt burdens. In their first months of work here, most workers receive only \$10-\$20 income a month; the rest is deducted by the employment agency for fees which can be as high as \$2640. Filipina workers forgo around six months of salary payments and Indonesian workers around six to eight months. The few Sri Lankan workers interviewed reported anything from one to nine months of salary deductions.

Deductions. In addition to heavy loan repayments, workers can be subjected to arbitrary salary deductions. Existing legislation does not establish minimum labour standards for foreign workers regarding rest days, superannuation provision and healthcare, so it is not clear what kinds of deductions are legitimate. Deductions of workers' salaries can be applied for medical costs, rest days taken, informal savings schemes and living expenses. Workers themselves accept deductions for anything from breakages to paying for drinks in the home. These non-standard deductions constitute financial abuse of foreign domestic workers.

Delays and deception. Workers' periods of indebtedness can extend for longer than they anticipate, due in part to these informal deductions, job transfers requested by the employer, and longer repayment schedules than were initially offered.

Rising costs. The cost of recruiting and placing foreign domestic workers is rising. These increases contribute to the longer periods of indebtedness faced by workers. Indonesian workers in particular have experienced steep increases over the past few years. Competition between employment agencies may be reducing some costs to the employer by passing them on to the worker.

Risks. Workers have limited ability to challenge contract infringements. Those who remain in Singapore while their cases are being investigated may forgo many months of income. Those who do not get rest days cannot seek avenues for help.

Market mechanisms are insufficient to secure fair working conditions for foreign domestic workers. It is often presumed that workers are able to negotiate acceptable terms and conditions for themselves with both agencies and employers. Evidence from this study shows that this is not the case, as workers are likely to accept terms offered even when they view them as unfair.

Recommendations

- Regulate agency fees so that relocation costs and service fees are not disproportionately borne by the worker.
- Recognise domestic work as equal to other forms of labour and equally entitled to basic labour standards as established for other workers in Singapore's Employment Act.
- Include protection for migrant workers' rights as part of bilateral and multilateral agreements with source countries.
- Incorporate a transnational and long-term perspective in policy-setting relating to foreign domestic workers, taking account of needs such as healthcare and contributions towards pension provision.

On labour standards

- Provide one rest day a week. Not only is this important for physical and mental health, the worker's access to the outside world enables her to access other rights.
- Cap salary deductions for loan repayments at 50 per cent of monthly salary, in line with current provisions for Singaporeans under the Employment Act.
- Provide comprehensive health insurance to cover general medical costs, not only accident insurance.
- Reinstate superannuation for foreign workers, with mandatory contributions by the employer drawn from existing levy payments, and optional contributions by the worker.
- Set a minimum wage level consistent with the cost of living and in proportion with placement costs. The wage level should take into account long-term needs including health insurance and superannuation contributions. Review the wage level periodically to account for inflation and other changes.

On dispute resolution

- Introduce a pilot scheme for mediation and dispute resolution services that can liaise independently with the Ministry of Manpower, the police, and other parties involved. This may be done through seed funding for relevant civil society initiatives. Review the findings after an agreed period of time to see how dispute resolution processes can be improved.
- Permit all foreign workers to undertake temporary employment while disputes are being investigated.

On government levy

- Redirect part of the levy paid by employers towards superannuation contributions, health insurance and sharing of placement costs with worker.

1. BACKGROUND

1.1 Aims of this study

International conventions as well as non-binding recommendations by the Singaporean government provide guidelines for the living and working conditions of foreign domestic workers in Singapore. However, the gap between what should happen and what does happen has been insufficiently documented to date. For some time now TWC2 has had anecdotal evidence of foreign domestic workers' difficulties in relation to loan repayment periods, ad hoc deductions, and difficulties in challenging contract infringements. These stories seem to reflect common experience.

This study is a systematic attempt to collect information via interviews and focus groups about salary issues encountered by foreign domestic workers. Specific attention was given to debt repayment schedules as well as the extent and variety of salary deductions that can be imposed under the present contract-based regime. By presenting this information against a backdrop of current policies relating to labour standards for foreign workers, we hope to inform ongoing policy discussion of appropriate standards and practice.

1.2 Methodology

The study was undertaken in three stages:

- A quantitative, questionnaire-based survey was administered to 89 foreign domestic workers in Singapore. There were 33 respondents from the Philippines, 30 from Indonesia, 17 from Sri Lanka, five from Myanmar and four from India. Most of these workers (77) were approached in public places on their rest days. Separately, a small number of workers (12) were interviewed in shelters. The questionnaire sought information on respondents' debt burden, whether they had experienced wage disputes, and how they had resolved issues.
- Three focus group sessions were carried out with groups of Indonesian, Sri Lankan and Filipina workers respectively to get their views and further information about issues emerging from the quantitative analysis.
- Two in-depth interviews with established employment agencies were carried out in order to get an industry perspective on issues emerging from the research.

Two rounds of volunteer orientation, including role plays and feedback, were held in January 2006. The questionnaire was refined after a test pilot and input from individuals familiar with foreign domestic worker issues. The majority of the surveys were carried out in February, with some data collection continuing until June. The focus group

sessions took place in May, June and July 2006. The two agency interviews took place in July 2006, before the Association of Employment Agencies Singapore (AEAS) and Case Trust, a consumer watchdog, and the government unveiled two types of standard contracts for the industry. Sixteen volunteers were involved in carrying out the surveys and interviews.

Sampling issues

Most survey respondents were approached in public places while on their days off. A small number of questionnaires (12) were completed based on interviews with workers in NGO shelters. It was agreed that, for practical reasons, it was not possible to include in this survey domestic workers who are confined to the workplace and do not have rest day privileges.

A 2003 *Sunday Times* poll of 284 domestic workers indicated that only half were granted regular days off. Of these, two-thirds received one day off a month. Most others received one day off a fortnight. Only 10 per cent in this group received a day off every week.ⁱ In our interviews, workers often mentioned that rest days were granted only after their debts had been repaid through salary deductions.

It is likely that workers with persistent and long-term wage issues, as well as recently arrived workers who have not yet completed their loan repayment schedule, are hidden in the stay-at-work group that was not sampled. The on-the-street interviews reflect the situation of relatively privileged workers who have days off and some spending money. The debt situation of domestic workers in Singapore overall is therefore probably more bleak than the findings reported here.

Workers living in NGO (non-governmental organization) shelters were interviewed in order to gain more insight into the nature of difficulties that led to their remaining in Singapore without work, and whether these were related to wage issues. Amongst the diversity of issues that were encountered, salary problems were significantly represented. This group provided the information in section 2.3, which discusses issues surrounding workers' access to justice.

Terminology

This report will use the following terminology.

The amount of money that a domestic worker must pay to the employment agency will be referred to as the **placement fee**, consistent with the term used in the standard service agreement between employers and employment agencies. (See appendix for this document.)

The placement fee is separate from the **service fee**, which is the amount of money that employers pay the employment agency for their services.

The worker repays her placement fee according to a **loan repayment schedule** which determines how long a worker's salary will be deducted in whole or in part. This length of time will also be referred to as the worker's **salary deduction period**.

2. RESEARCH FINDINGS

2.1 Placement fees and loan repayment schedules

Foreign domestic workers receive little or no salary during the first months of their employment in Singapore. Instead, the worker's salary is paid by the employer to the employment agency to cover placement costs – including travel, accommodation and the costs incurred by the agency in finding and placing the worker. Workers begin to receive their full salary only after this placement fee has been completely repaid to the agency.

In the survey, we looked for answers to the following questions: How much is the average placement fee in Singapore? For how long is a domestic worker's salary deducted to pay for this placement fee? How much is the worker's salary during the salary deduction period? Are workers from different nationalities charged different placement fees?

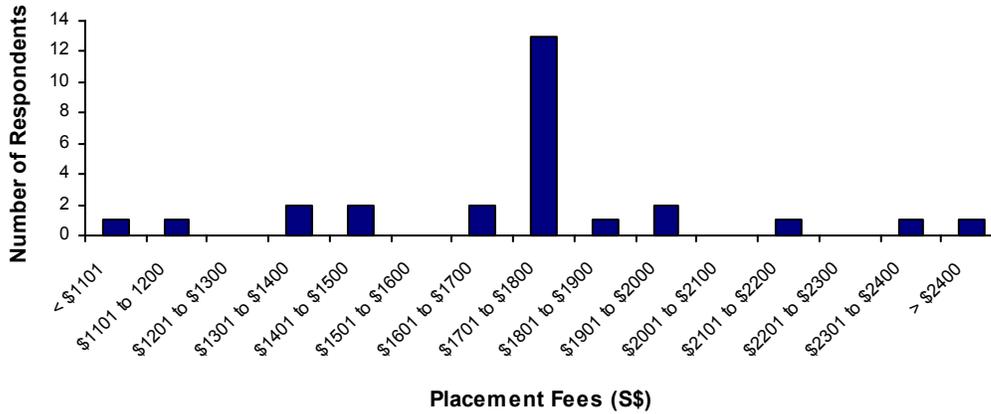
2.1.1 Amount of placement fees

Of the 89 total respondents to the survey, 65 confirmed they had paid placement fees. Eight respondents said they had not. For all other respondents, no answer was recorded. Of the 65 who confirmed they had paid placement fees, 63 reported the amount.

The minimum placement fee reported was S\$150. The maximum placement fee reported was S\$2640. The mean placement fee is S\$1398.

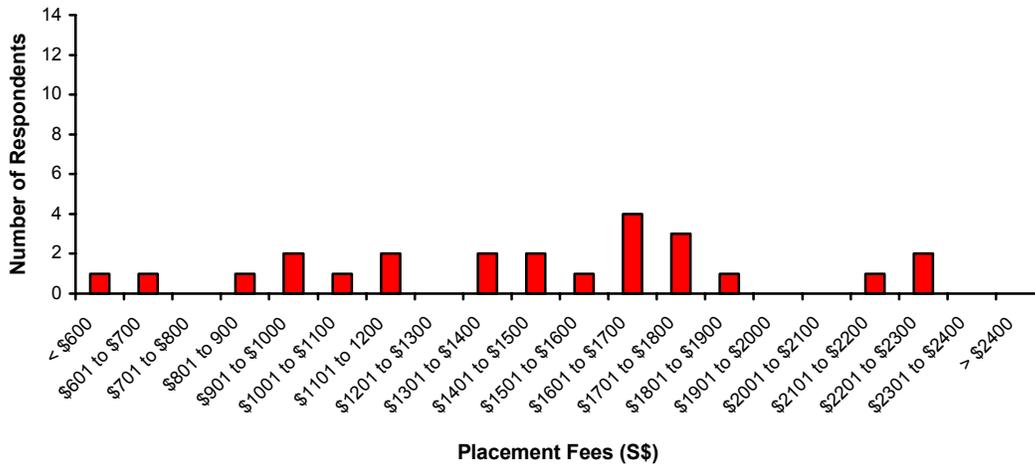
The following charts show the breakdown of fees paid by nationality as well as the distribution of responses.

**1a. Distribution of Placement Fees Reported by Filipina Respondents
(N=27)**



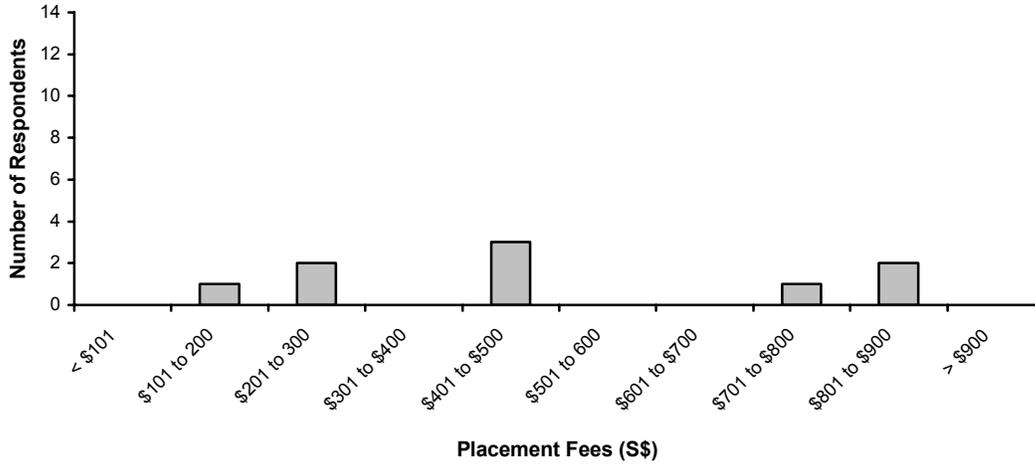
The meanⁱⁱ placement fee for Filipina respondents was \$1734. Twelve out of 27 respondents reported fees of \$1800, suggesting the presence of an informal industry norm.

**1b. Distribution of Placement Fees Reported by Indonesian Respondents
(N=24)**



The mean placement fee for Indonesian respondents was \$1462. There is a wide variation in placement fees for this group, suggesting the lack of an industry standard.

**1c. Distribution of Placement Fees Reported by Sri Lankan Respondents
(N=9)**



The mean placement fee for Sri Lankan respondents was \$498. The numbers here are insufficient to draw firm conclusions. As in the case of Indonesian workers, the amount of fees paid is scattered across the chart.

2.1.2 Range of salary deduction periods

Of the 89 total respondents to the survey, 60 reported the length of their salary deduction period. The shortest salary deduction period reported was one month. The longest salary deduction period reported was 12 months. The mean salary deduction period is six months. The following charts show the breakdown of salary deduction periods by nationality and the distribution of responses.

2a. Distribution of Salary Deduction Periods Reported by Filipina Respondents (N=25)



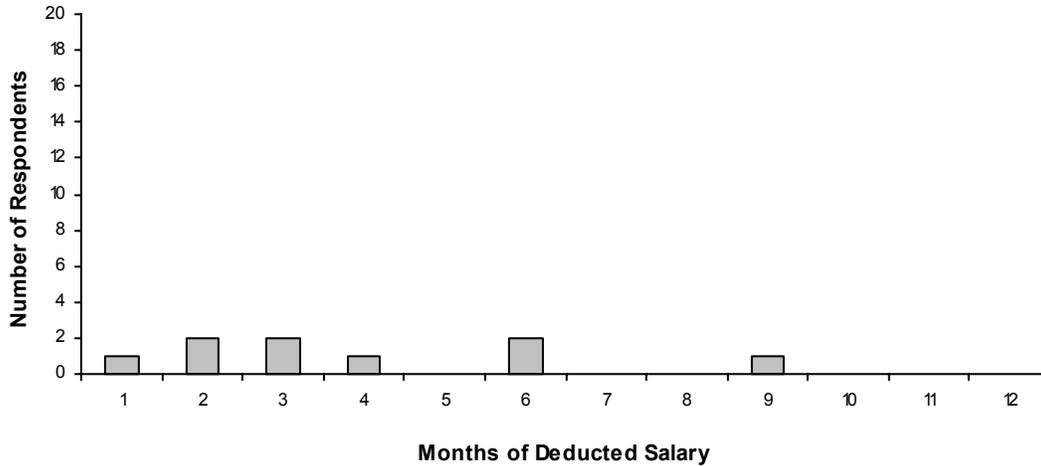
The mean salary deduction period for Filipina workers was 6.2 months. Again, the pattern of responses suggests an industry standard exists.

2b. Distribution of Salary Deduction Periods Reported by Indonesian Respondents (N=25)



The mean salary deduction period was 6.5 months. As the repayment schedules vary greatly, many workers in fact experience longer repayment schedules than this.

2c. Distribution of Salary Deduction Periods Reported by Sri Lankan Respondents (N=9)



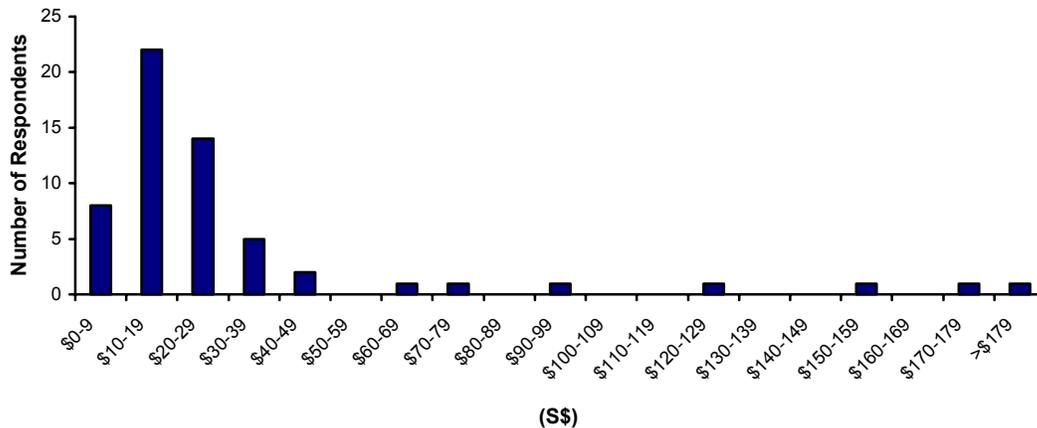
The mean salary deduction period for Sri Lankan respondents was 4.1 months. Again, no clear trend is seen in the responses.

2.1.3 Amount of salary during deduction periods

Of the 89 total respondents to the survey, 58 reported the difference between their salary and the amount that was deducted from their salary during the salary deduction period.

The smallest amount received by respondents during the salary deduction period was \$0. The largest amount received by respondents during the salary deduction period was \$250. The mean amount received by respondents during the salary deduction period was \$29.

3. Distribution of the Amount of Money that Respondents Received Per Month During the Salary Deduction Period (N=58)



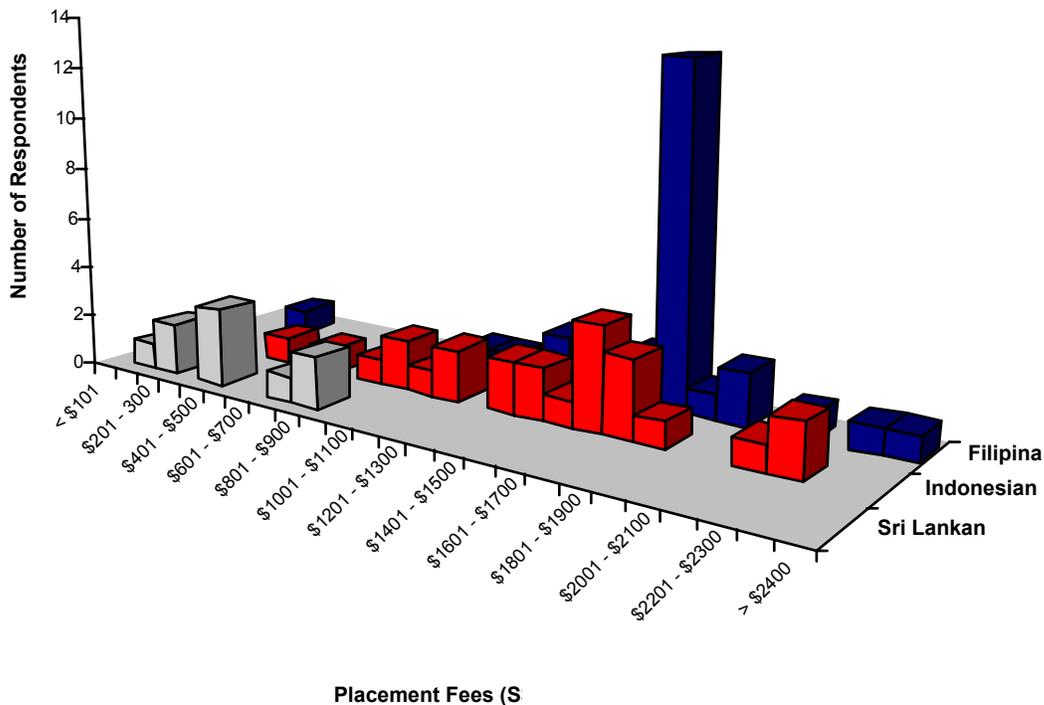
Forty-four of the 58 respondents (75 per cent) received \$20 or less during the salary deduction period.ⁱⁱⁱ

2.1.4 Differences by nationality

As shown above, placement fees and loan repayment schedules show considerable differences by nationality.

Chart 1d superimposes charts 1a, 1b, and 1c for a comparison of reported placement fees by nationality.

1d. Distribution of Placement Fees Reported by All Respondents (N=60)



It can be seen that **Filipinas reported less variable placement fees than did their Indonesian counterparts**. While the 27 Filipina respondents reported a very wide spread of placement fees ranging from \$300 to \$2640, a large number of respondents (12) reported a placement fee of S\$1800. The 24 Indonesian respondents reported placement fees with almost as large a range (\$445 to \$2160) but with a more diffuse distribution.

Chart 1c shows that Sri Lankan respondents reported smaller placement fees than did their Filipina or Indonesian counterparts. Because of the small sample of Sri Lankan respondents, this information needs further investigation.

Charts 2a and 2b reveal that **Filipina respondents reported less variable salary deduction periods than did their Indonesian counterparts.** Of the 25 Filipina respondents, an overwhelming majority (18 respondents) reported a salary deduction period of six months. The 25 Indonesian respondents again generated no such majority but showed a more diffuse distribution instead.

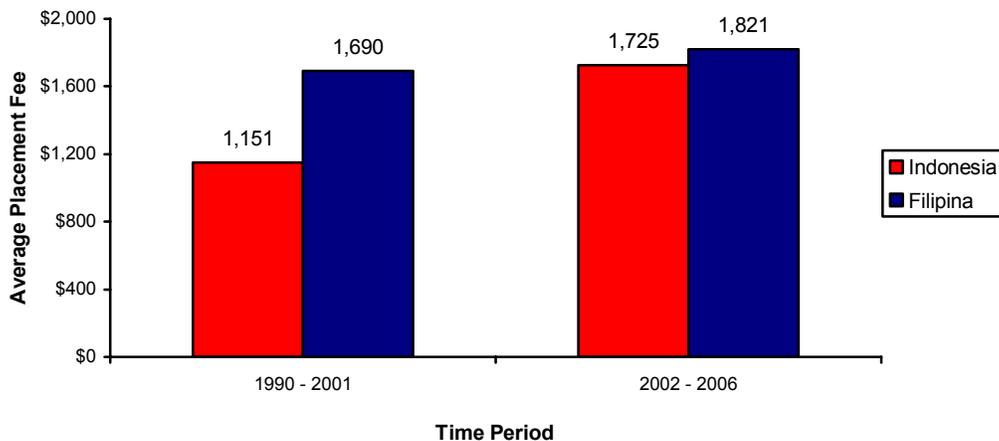
Chart 2c shows that Sri Lankan respondents reported shorter salary deduction periods than did their Filipina or Indonesian counterparts. Once again, the sample size limits the accuracy of this information. While there are too few Sri Lankan respondents to draw any confident conclusions, the data suggests that Sri Lankan respondents may pay smaller placement fees over shorter periods of time than their Filipina and Indonesian counterparts.

This does not necessarily suggest a lighter debt burden overall, as placement fees may be part of a more diverse debt pattern, whereby the workers owe money to lenders in their home country as well. While survey responses hinted at this, further research will be needed to demonstrate this conclusively.

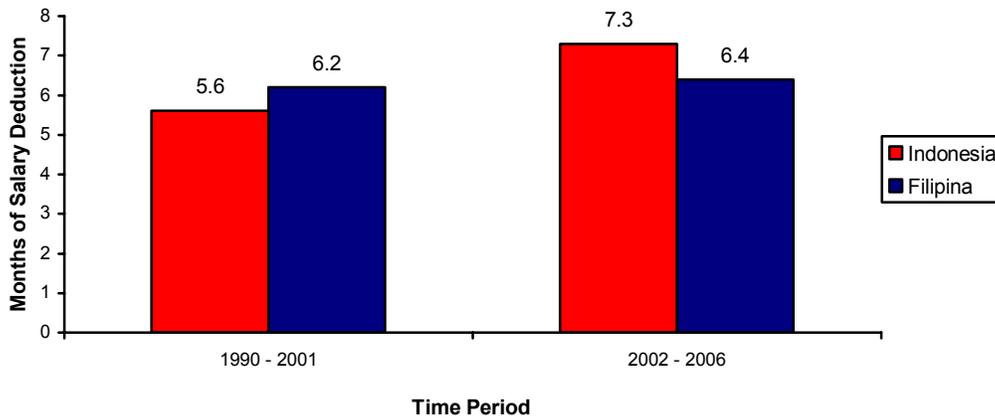
2.1.5 Variability over time

Both placement fees and salary deduction periods have been increasing for Indonesian workers.

4a. Mean Placement Fees for Indonesian and Filipina Workers from 1990 - 1999 and from 2000 - 2006



4b. Mean Salary Deduction Periods for Indonesian and Filipina Workers from 1990 - 1999 and from 2000 - 2006



4c. Comparison in the Distributions of Salary Deduction Periods for Indonesian Respondents from 1990-2001 and from 2002-2006 (N=25)



Chart 4a shows that the mean placement fee for Indonesian workers who first came to Singapore between 2002 and 2006 (\$1725) is greater than the mean placement fee for workers who came to Singapore prior to 2002 (\$1151). Chart 4b shows that the mean salary deduction period for Indonesian workers who first came to Singapore between 2002 and 2006 (7.3 months) is greater than the mean salary deduction period for workers who came to Singapore prior to 2002 (5.6 months). Chart 4c shows that no respondent who arrived between 2002 and 2006 repaid her debt burden over a period of less than six months. This strongly suggests that **the increase in placement fees borne by Indonesian workers in the past four years has resulted in an increase in their salary deduction period.**

From the available data, it appears that Filipina workers have greater predictability as to the size of their placement fee and the length of time their salary will be deducted to pay off the placement fee. Indonesian workers, on the other hand, must cope with greater variability in both placement fee and salary deduction period. Moreover, the data strongly suggests that placement fees for Indonesian workers have recently been increasing, resulting in longer salary deduction periods regularly extending up to eight months.

In focus groups and interviews, workers and employment agents affirmed that costs to migrant workers have indeed been rising over time.

“When I came here, I paid three months. That was 10 years ago.” – Filipina focus group participant

“For first timers, newcomers, it is seven months. And then if you change employers, another two months. It is nine months already.” – Filipina focus group participant

“The biggest difference I can think of is the difference in salary deductions. Twenty years ago, salary deductions were around \$600; now, they can be up to three to four times as much.” - Alice Cheah, Caregivers Center Pte Ltd

Another agent interviewed suggested that Filipina workers in Singapore are now on the cusp of an increase in placement fee. While acknowledging that a placement fee of S\$1800 to be repaid over six months' time was the accepted industry standard, the agent observed that more and more agencies were beginning to charge Filipina domestic workers S\$2100 to be paid over seven months.

2.1.6 Agency practice

Employment agents in Singapore pay labour suppliers in other countries to link them up with job-seekers. According to one employment agent, labour suppliers in the Philippines can charge between \$1200 to \$1400 per worker, whereas those in Indonesia charge upwards of \$1600 per worker. These costs include the worker's airfare.

Costs incurred at the Singapore end include, but are not necessarily limited to: the banker's guarantee, a medical check-up, an English entry test, the MOM safety awareness course, incidental costs like transportation and food prior to employment. These costs are estimated to be \$250 per worker.

Employment agencies collect fees from both employers and domestic workers in order to cover these costs, their own administrative costs, and a profit margin. The service fee is paid by the employer when the domestic worker begins her employment. The placement

fee, which can be many times more than the service fee, is recovered from the worker through salary deductions in the initial months of employment.

According to employment agents who were interviewed, current placement fees start at \$1800 for Filipinas and \$2160 for Indonesians. No authority or regulating body sets limits to these fees.

2.1.7 Predictability

Focus group participants said that the size of the placement fee and the worker's repayment schedule are not always known to the worker before coming.

“When I left the Philippines, I was told that it was just three months salary deduction, but when I reached here in Singapore, the agency told me that it was six months.” – Filipina focus group participant

“My agent said my debt repayment would be six months of salary, but when I arrived in Singapore, the Singaporean agent said it was eight months. I didn't have anything in writing from the first agent.” – Indonesian focus group participant

Transfer fees, when the worker has a change of employer, extend the debt repayment schedule for workers. Transfers generally occur when the employer is dissatisfied with the worker. Filipina focus group participants said that the equivalent of two months' salary is usually charged. Indonesian workers in a focus group mentioned a transfer fee of \$350.

An employment agent, Daisy Lopez of Workhome Personnel, confirms that guaranteeing employers one or several replacements free of charge is a common practice among employment agencies, as is charging workers a transfer fee, effectively extending a worker's salary deduction period between one to three months per transfer.

“They tell you six months, but then when you get here the agent says seven months. And worse, if your employer doesn't like you, and you have to change employer, THEN another pay, so it comes out to eight months or nine months.” – Filipina focus group participant

2.1.8 Perceptions of fairness

As discussed, the placement fees paid by the worker to the employment agency can be many times more than the service fee paid by the employer to the employment agency. The fees may vary depending on whether the worker already has a passport or is buying her own ticket. They may also vary according to the amount charged by the employment agency to the employer. To attract business from potential employers, some agencies offer steep discounts on the service fee while passing on the costs to the worker.

Workers participating in focus groups widely viewed the amount of placement fee as unfair and out of proportion to their earning power. The employment agencies interviewed expressed concern over the trend of passing increasing costs to the worker.

Workers' comments:

"The loan repayments are too heavy."

"It's as if we came here to do social work."

"For six months you don't have money, you know!"

"We have this \$1800 salary deduction, why not split it into two....we pay equally. Anyway, employers and maids need each other. ..We get money from them, they get our work."

Employment agents' comments:

"The current state of agency fees in the industry is haywire. Some agents price their agency fee [the service fee to the employer] at a maximum of \$888; other agents price their fee as low as \$0. Still, the cost of transporting a worker to Singapore needs to be covered, as well as the agent's profit margin." – Alice Cheah, Caregivers Centre Pte Ltd

"We guarantee employers one replacement within six months...Some other agencies guarantee unlimited replacement, but such a policy is really a disaster waiting to happen." – Daisy Lopez, Workhome Personnel Pte Ltd

2.1.9 Summary

In short, increases in fees charged by employment agencies are disproportionately borne by the worker. The worker's payments are subsidizing the employer's share of costs.

Filipina workers forgo around six months of salary and Indonesian workers around six to eight months, though in some cases the repayment period can stretch up to one year. Sri Lankan workers appear to have paid less in placement fees, but this difference may represent a different pattern of indebtedness (spread across multiple agents) rather than a lighter debt regime.

Informal industry norms somewhat govern the size of workers' debt burden and the length of their salary deduction period. But it appears that Indonesian workers are experiencing steep increases in placement fees at present, and that nothing prevents Filipina workers from experiencing similar increases in the near future.

The reasons for cost increases in the workers' countries of origin could not be assessed through this research. However it appears that competition between agencies to reduce costs to employers accounts in part for the increased fees borne by workers.

2.2 Other kinds of deductions

Over and above the accepted loan repayment schedule, some workers also experienced additional deductions made at the discretion of the employer or the employment agent.

It is difficult to count the number of workers who experienced additional deductions because there is no common understanding of what is or is not a legitimate salary deduction. Some deductions were written into the contract and so given an appearance of legitimacy. In other cases, workers consented to deductions because they felt they had no other option.

Conservatively, seven out of 77 of workers approached on the street – just over nine per cent – had experienced salary deductions beyond the usual loan repayment schedule. Of workers interviewed in NGO shelters, half (six out of 12) had experienced difficulties with wage deductions or non-payment of salaries. Wage deductions were made for a wide variety of reasons including rest days taken, breakages, medical expenses, living expenses such as beverages and toiletries, mandatory savings and security deposits held by the employer.

2.2.1 Deductions for rest days

Case 1

A is a 29-year old Filipina worker who first arrived in Singapore in 2003. Her contract states that her monthly salary is \$350. She reports that her employer has given her a \$10 raise, so her monthly salary should be \$360. However, her employer deducts \$20 for every rest day she takes. Since A usually takes two rest days per month, her effective salary is \$320. Because the schedule for deductions is part of her contract, A has not raised the issue with her employer.

2.2.2 Deductions for living expenses

Case 2

B is a 31-year old Filipina worker who first arrived in Singapore in 2000. Her current monthly salary is \$320, the amount stated in her contract. According to B, her employer deducts approximately \$30 a month for toiletries and \$40 a month for canned drinks in the refrigerator. B has tried to ask her employer about the deductions. Her employer says only that things are expensive.

2.2.3 Failure to provide benefits

Besides incorporating deductions into workers' contracts, employers may also deduct wages through their failure to provide expected benefits such as holiday pay or medical expenses.

Under the new standard contracts put out by the Association of Employment Agencies (Singapore) and Case Trust, employers are to pay all health costs for the worker. However, current Ministry of Manpower guidelines recommend only that hospitalization and accidental injuries are covered by the \$10,000 insurance policy that employers take out for the worker. The current contract provision for healthcare appears to depend somewhat on the goodwill of the employer.

One of the agents interviewed usually included a clause stipulating that medical care should be paid for by the employer, but she had heard that other agents would omit such a clause to satisfy the employer. She has also heard that sometimes workers are made to pay for the semi-annual health checks required by the ministry.

“When I am sick, I will say I don’t have money, so my employer will say ‘Never mind, I will pay for you.’ Then after, you can hear the employer say... ‘This thing is another problem,’ like that, or maybe, ‘Spend money again,’ just like that.” – Filipina focus group participant

Four out of five Indonesian focus group participants had not received wages during holidays when they were out of the country, although the contract terms, explained to them clearly, had provided for holidays. No one in the focus group had retained a copy of her own contract stating that paid leave was provided.

“We did not get holiday pay, just our ticket home. The employers think if you are not working at that time then you should not get paid.” – Indonesian focus group participant

2.2.4 Enforced savings plans

Some deductions were presented as a form of savings, as a security deposit, or as a bonus awarded upon successful execution of a contract.

Case 3

C is a 30-year old worker from Myanmar who first arrived in Singapore in 2005. Her current monthly salary is \$250, the amount stated in her contract. She reports that she was paid less than her full salary for four months, during which her employer deducted \$100 every month. C reports that she will have her salary deducted by \$100 for one more month. The sum total of \$500 will be retained by her employer as a security deposit, to be returned to her at the end of her 2-year contract.

Prior to these five months in which C's salary was deducted by \$100 month, she had been working for six months without receiving money, as all of her salary was being retained by the employer to repay the placement fee. The interviewer noted that C believes it is the usual practice for employers to keep a security deposit.

2.2.5 Workers in irregular situations

In addition to paying transfer fees which typically amount to one month of salary as discussed in section 2.1.7, some respondents reported that they are required to pay for accommodation fees when they are in between contracts. This becomes problematic for workers who have been rejected by an employer, but are not quickly chosen by a new employer.

Case 4

After 10 months of employment, D's employer terminated her contract for no apparent reason, returning D to her agent. While D stayed with her agent, she cooked and cleaned, but the agent charged her for food and lodging without remunerating her for her labour. Her agent was also reluctant to help her find a new employer, and pressured her to return to the Philippines.

The new Standard Service Agreement between the employer and the employment agency (see appendix for the text) goes some way to eliminate this practice by stating that in the event of a transfer request, the employer shall bear the cost of food, accommodation and levy for an agreed period of time, after which the agency will bear the cost. However, given the widespread practice of charging workers a transfer fee, it seems likely that the agency will transfer the cost to the worker if they are unable to find a new employer for her.

2.2.6 Perceptions of fairness

The difficulty of identifying unfair deductions stems from confusion over what are acceptable standards, when these are not enshrined in legislation. The new employment contracts for domestic workers are expected to address these issues by establishing industry-wide standards for accredited agencies. However, these are recommended standards only, and still subject to negotiation. Workers interviewed considered that they lacked bargaining power, even when supported by the policies of their own countries.

The Philippines embassy has a "standard" contract which stipulates basic conditions including a minimum wage of \$350, one rest day off a week, and no deductions from the minimum wage for rest days taken . Employers must agree to these conditions upon renewal of a workers' passport, but they are widely perceived only as a formality.

“We have our contract from the Philippine Embassy, and we sign it, and everything is very transparent there. ..And all this, when it comes to the agency, the agency will decide. They will say, “No, you only got one day off [a month]. Take it or leave it. You are here already in Singapore, you can’t do anything. You want me to send you back?” So there is nothing you can do.” – Filipina focus group participant

On the other hand, employment agents spoke of the difficulty of ensuring that workers are dealt with fairly. Loan repayment schedules act as powerful disincentives to change employers even when working conditions are oppressive. Workers’ mobility is further curtailed by the widespread practice of withholding workers’ passports.

“Almost 100 per cent of the employers hold onto the helper’s passport and work permit for safekeeping...The passport may be the property of the worker, but there is no law against employers keeping it.” – Daisy Lopez, Workhome Personnel Pte Ltd

“Some agents give the employer the contract but some do not. And like me, I want to renew my passport, but because my madam does not have my contract and it is with the agency, so the agency don’t allow us to renew the passport direct to the embassy. Can you imagine, \$300 goes to the agent just to bring your passport to the embassy.” – Filipina focus group participant

The employment agents interviewed believe that agents play an important role in mediating between the employer and the worker. However, workers interviewed generally did not believe that agents would defend their interests. They feel that they have no option but to accept whatever terms are offered.

“The Singapore agency asked me to pay for food and lodging in Singapore until my employer came to pick me up. I called my agent in Sri Lanka about this. The agent there said that I don’t need to pay and I should demand payment back from the Singapore agent. I didn’t want to cause any trouble so I forgot about the matter.” – Sri Lankan focus group participant

2.2.7 Summary

In the absence of legislated minimum standards, it is not clear what constitutes a legitimate deduction in areas such as medical costs, rest day privileges and living expenses in between contracts. The contract-based system for negotiation of terms provides insufficient protection for workers, who are likely to accept terms offered even when they believe they are unfair. Workers’ bargaining power is curtailed by their lack of job mobility when difficulties arise.

2.3 Access to justice processes

Workers interviewed in NGO shelters had often experienced serious issues relating to the withholding of salaries for many months, deception and physical abuse. Half of the workers interviewed had wage claims that had either been resolved or were awaiting mediation. These workers were interviewed in order to shed light on the processes available for them to access justice in cases of wage disputes.

Case 5

E is a 23-year old Indian woman who first arrived in Singapore in 2002. She reported to a police post on 28 May 2004 that she was owed \$1270 (\$230 salary per month for five months, plus an additional \$120). It is not clear what action was taken by the police. Subsequently on 5 June 2004, she went to an agent for help. The agent sent the worker to live at the home of a friend of the agent's. Once there, the worker was told that she had to work without salary for the agent's friend as compensation for room and board while her case was being investigated by the police.

E waited a full year for her case to be resolved, but received no feedback on how it was progressing. On 28 July 2005, the worker went to the Indian High Commission who then sent her to stay at an NGO shelter. At the time of the interview, the respondent had been living at the shelter for five months. In total, it seems that the respondent is owed a year and a half in unpaid wages from both her agent's friend and her previous employer.

Case 6

F is a 29-year old Filipina woman who first arrived in Singapore in July 2004. She reports that during the first six months of her employment, she received only \$60 in total. The rest of her salary, stated in the contract as \$340, was deducted to repay her agency fee. For the next five months, she received no pay at all. F was fearful of her employer, who often shouted at her, and she was afraid to bring the matter up herself. F also alleged that she was taken to her employer's warehouse on occasion to do packing work.

In July 2005, F sought assistance from a friend who was also a Filipina domestic worker. Her friend contacted the NGO shelter and helped F to run away. The NGO helped F report her case to the Ministry of Manpower. Two weeks after the MOM intervened, F recovered her income in full. At the time of the interview, F had been residing at the NGO shelter for 4 months waiting for the MOM to complete its investigation into her illegal deployment.

As cases E and F show, domestic workers may be asked to remain in Singapore to assist police and the Ministry of Manpower with their investigation. The periods of residence in shelters can mean forfeiting opportunities to generate income, although some workers in shelters may be granted opportunities to seek temporary employment for the duration of the investigation.

Under such circumstances, it is not surprising that many workers are afraid to pursue wage claims and prefer, as one said, to “forget about the matter”.

The scope of this research did not include workers who have returned home after mediation of their cases through MOM or through their own embassies. Further research into this area would be useful to gain a clearer picture of the avenues through which workers are able to pursue wage claims, and to what extent they are successfully resolved from the worker’s point of view.

3. DISCUSSION OF POLICY FRAMEWORK

3.1 Domestic policies

The policy framework surrounding treatment of foreign domestic workers comprises domestic laws as well as ministry guidelines and contractual arrangements.

3.1.1 Labour standards

Domestic workers are excluded from the labour standards prescribed in the Employment Act – including regulation of work hours, rest days, and allowable salary deductions.

Instead, the Ministry of Manpower provides guidelines on the employment of foreign domestic workers. The MOM’s “General Guide on Employment of Foreign Domestic Workers” recommends, for example, that salaries be paid no later than seven days after the last day of the month, and that employers should bear the full cost of medical care for the worker. These are guidelines only and cannot be enforced.

The Association of Employment Agencies Singapore (AEAS) in July 2006 issued a “Standard Employment Contract between Foreign Domestic Worker and Employer”, to take effect from 15 September 2006. The standard contract requires employers to specify clearly the number of continuous rest hours to be provided daily (eight continuous hours are recommended for overnight rest), the number of rest days to be provided a month (the choices range from one to four), and the amount of paid home leave given at the end of the two-year contract (15 days are recommended). Some conditions, such as three meals a day and full coverage of medical costs, are written into the industry contract.

Rest days do not come with any recommendation, in effect setting one day a month as the minimum standard. The standard contract allows for rest days not taken to be compensated in cash.

Superannuation is not mandated for foreign domestic workers. From 1978 to 1982, employers were required to contribute to a Central Provident Fund account for the domestic worker.^{iv} This policy was subsequently replaced by the foreign workers’ levy that employers are now required to pay to the Singapore government.

Healthcare is to be fully covered by the employer as long as the domestic worker remains in Singapore. This requirement is made in the new standard contract. The implication is that employers will pay out of their own pockets unless the worker requires hospitalization or treatment for injuries sustained from a workplace accident - currently covered by the insurance policy that employers are recommended to take out for their domestic worker.

In short, under the current raft of policies, a handful of loophole-ridden guidelines take the place of clear labour standards. Firstly, some entitlements such as rest days and holidays may be exchanged for cash. The new standard contract entrenches this approach. Secondly, workers' needs for savings and healthcare are either not covered (in the case of savings) or prescribed without any implementation mechanism (in the case of healthcare). In both cases this opens the door for shortchanging of workers. This view is supported by the range of irregularities documented in the research.

3.1.2 Levy

Employers of foreign domestic workers now pay a government levy of \$295 a month. A concession rate of \$200 is granted to families with children under 12 years or with elderly relatives residing at their address. The levy is adjusted periodically. The levy is intended to dampen demand for foreign workers and maintain employment at optimum levels.

Over 160,000 foreign domestic workers are employed in Singapore. Revenue to the government from levies is therefore in the range of \$384 million to \$566 million a year.

It is recognized that the levy currently goes to a consolidated fund to improve living standards for Singaporeans.^v In view of foreign workers' basic needs for healthcare and superannuation provision, however, some portion of the levy could be used to offset the costs of an increased level of medical insurance and the administration of a superannuation fund.

3.1.3 Employment agencies' obligations

In tandem with the recently issued Standard Employment Contract, consumer agency CaseTrust has issued a "Standard Service Agreement between Foreign Domestic Worker Employer and Employment Agency". This agreement is intended to set out clearly the costs to employers and the terms on which agencies will provide replacement workers.

Living costs of the worker while in the process of transfer are to be covered by the employer for an agreed time, after which the agency is expected to bear the costs.^{vi} This runs counter to provision in the Standard Employment Contract between the worker and the employment agency, which states that "In cases where the employer decides to terminate the contract under any circumstances, the employer should ensure the FDW's

proper upkeep until she is repatriated or transferred to another employer, whichever is applicable.” (See “Part IV: Termination” of the Employment Contract in the appendix.)

When employers do not cover the living costs of rejected workers, nothing prevents agencies from passing on living costs to the worker, as is currently the case.

Mediation services provided by CaseTrust and AEAS are chargeable to both the employer and the agency.

While the contract provides a basis for clear negotiation and mutual agreement between agencies and employers, it does not provide improved worker protection. The worker is deemed to be the responsibility of the employer, until the worker is repatriated or re-employed. This does not take into account those situations where employer-employee relationships have broken down to the point that workers run away or report to the nearest police post.

3.2 International conventions

Singapore is a signatory to the following United Nations conventions relating to labour standards. The UN has no enforcement mechanism beyond collective political pressure. Nevertheless, these agreements provide some international benchmarks. Other governments, multilateral agencies and NGOs refer to these benchmarks in their assessments of labour standards in Singapore.

Singapore is a signatory to:

- **The 1930 International Labour Organisation (ILO) Forced Labour Convention**

The definition of forced labour is “all work or service which is extracted from any person under the menace of any penalty and for which the said person has not offered himself [sic] voluntarily.” In an analysis of international conventions on migrant labour, the Singapore Institute of International Affairs include physical confinement, threats of penalty, induced indebtedness and retention of identity documents as factors contributing to ‘involuntary work’. These factors are present in many of the cases documented here, indicating possible breaches of this convention in individual cases.^{vii}

- **The 1965 ILO Convention on the Right to Organise and Collectively Bargain**

Some associations of foreign workers exist for mutual aid and the advancement of their common interests. Workers are required to register such organisations through their own embassies in Singapore. This rule ensures that all such organizations have the approval of their own governments. It also implies a renewed role for governments in representing concerns of migrant workers to the labour-receiving country, and raises the question of

whether this role is adequately resourced at present. This question was outside the scope of the research, but remains an important one.

- **The 1979 Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW)**

The convention requires that discrimination against women in the workplace be eliminated. Domestic work in Singapore is excluded from the provisions of the Employment Act. The reason for this has been the perceived difficulty of enforcing industrial regulations within the domestic sphere.

It has been argued that such discrimination occurs because “women’s work” is not perceived as real work, and therefore is not subject to normal workplace regulation.^{viii} There are disturbing indications that the public has come to accept the current living and working conditions of foreign domestic workers – always women - as an acceptable status quo.

In June 2006, 22 African footballers employed six months previously by a Singapore football club reported that their take-home salary was just S\$100 a month, after deductions of S\$1,500 from each player for rent and food. The football club, in its defense, said that the footballers had agreed to these deductions in their contracts. However, following public outcry, the club revised the contracts within a matter of weeks, agreeing to reduce the deductions while also improving catering arrangements and accommodation.

It was widely reported in the press that the men were being paid “less than maids”.^{ix} However women domestic workers receive no salary for the first six to nine months of their employment period, due to deductions for loan repayments. This issue has raised very little public comment, whereas the footballer case elicited public outrage. With over 160,000 FDWs employed in Singapore, salary deductions affect many women.

Singapore is not a signatory to:

- **The 2003 UN Convention on the Protection of Rights of All Migrant Workers and Their Families.**

This convention does not extend new rights but emphasizes that rights affirmed in prior UN Conventions should be applied equally to migrant workers as to nationals. Equal treatment should be extended to working conditions as well as to access to due process before the law.

3.3 Market structure

The current policies around labour standards for foreign domestic workers emphasise market mechanisms for standard-setting. It is said that workers have decided to take up employment in Singapore and therefore are free agents.^x

However, this research shows that workers frequently accept difficult terms and conditions without protest, even when they differ from what they were promised before leaving their home country. Workers are also shortchanged of expected terms and conditions after beginning employment, and experience heavier deductions for loan repayment than expected.

As seen in this study, there are several reasons for this state of affairs:

- Workers are in debt for their own relocation costs and therefore have strong incentives not to withdraw from the arrangements.
- Workers lack job mobility, so are usually not able to choose between one employer and another.
- Workers have limited ability to challenge infringements of contracts. Although the employment agent in theory serves as the first port of call to resolve disputes, most workers view the agents as being on the employer's side and not theirs.
- Employers have the power not only to terminate the worker's employment but also, potentially, their residency in Singapore. Workers seeking access to justice processes therefore do so at a high personal cost. They run the risk of having to leave the country without their case being investigated, or may have to accept indefinite and prolonged periods of unemployment while the case is being investigated.

The current contract-based regime presumes that workers are able to negotiate acceptable terms and conditions for themselves with both agencies and employers. Evidence from this study shows that this is clearly not the case. Workers are not free agents in the marketplace. Minimum labour standards need to be enshrined in legislation.

4. RECOMMENDATIONS

- Regulate agency fees so that relocation costs and service fees are not disproportionately borne by the worker.
- Recognise domestic work as equal to other forms of labour and equally entitled to basic labour standards as established for other workers in Singapore's Employment Act.
- Include protection for migrant workers' rights as part of bilateral and multilateral agreements with source countries.
- Incorporate a transnational and long-term perspective in policy-setting relating to foreign domestic workers, taking account of needs such as healthcare and contributions towards pension provision.

On labour standards

- Provide one rest day a week. Not only is this important for physical and mental health, the worker's access to the outside world enables her to access other rights.
- Cap salary deductions for loan repayments at 50 per cent of monthly salary, in line with current provisions for Singaporeans under the Employment Act.
- Provide comprehensive health insurance to cover general medical costs, not only accident insurance.
- Reinstate superannuation for foreign workers, with mandatory contributions by the employer drawn from existing levy payments, and optional contributions by the worker.
- Set a minimum wage level consistent with the cost of living and in proportion with placement costs. The wage level should take into account long-term needs including health insurance and superannuation contributions. Review the wage level periodically to account for inflation and other changes.

On dispute resolution

- Introduce a pilot scheme for mediation and dispute resolution services that can liaise independently with the Ministry of Manpower, the police, and other parties involved. This may be done through seed funding for relevant civil society initiatives. Review the findings after an agreed period of time to see how dispute resolution processes can be improved.
- Permit all foreign workers to undertake temporary employment while disputes are being investigated.

On government levy

- Redirect part of the levy paid by employers towards superannuation contributions, health insurance and sharing of placement costs with worker.

Endnotes

ⁱ The Straits Times, 25 October 2005, cited in www.yawningbread.org, “Inhumanity towards maids”, accessed on 5 September 2006

ⁱⁱ The mean is the mathematical average.

ⁱⁱⁱ Most of the respondents reported that they received the same amount of money per month during the salary deduction period; however, seven respondents reported that the amount of money they received per month changed during the salary deduction period. The changing amounts of money received by these seven cases could not be plotted on a chart unless they were converted to a single value. In four cases, the respondents received S\$10 or less per month during the first six or seven months of their salary deduction period, but received significantly more (between S\$50 to S\$130) for the final month of their salary deduction period. Since these four respondents received S\$10 for the great majority of their salary deduction period, the final month’s increase was not taken into account and the four respondents were considered to have received \$10 per month during their salary deduction period. In one case, the respondent received S\$20 for the first month of her employment, but subsequently received S\$0 for the next six. In this case, this respondent was considered to have received S\$0 per month during her salary deduction period. In two cases, the respondents reported regular and significant increases in the amount of money they received per month during the salary deduction period; one worker reported an increase from \$30 to \$140 spread over five months, while the other worker reported an increase from \$40 to \$150 in three months. For these cases, the total amount received by the worker during the salary deduction period was divided by the number of months of salary deduction to generate a single figure that represented the average amount of money that they received per month, or S\$66 and S\$92 respectively.

^{iv} Noeleen Heyzer, Geertje Lycklama a Nijeholt and Nedra Weerakoon, *The Trade in Domestic Workers: Causes, Mechanisms and Consequences of International Migration, Vol. 1*, Asian and Pacific Development Centre, Kuala Lumpur and Zed Books Ltd, London and New Jersey, 1992, p. 61

^v Braema Mathi, pers. comm.

^{vi} Section 4.1.3 of the Standard Service Agreement Between Foreign Domestic Worker Employer and Employer Agency states, “The employer must release the FDW to the Agency for ___ days for her to be interviewed and re-deployed. During this period, the employer shall bear the cost of providing the FDW with food and accommodation (at a rate of \$ ___ per day (if applicable), in addition to the levy payable. Thereafter, the Agency shall bear the costs, until it finds a new employer for the FDW.

^{vii} “Foreign Domestic Workers”, http://www.siiainline.org/foreign_domestic_workers, p. 9, accessed on 1 June 2006

^{viii} Shirlena Huang and Brenda Yeoh, “Ties That Bind: State Policy and Migrant Female Domestic Helpers in Singapore”, *Geoforum*, Vol. 27, No. 4, pp. 479-493, Pergamon, Great Britain, 1996.

^{ix} “Hopes dashed in Singapore”, <http://news.bbc.co.uk/sport1/hi/football/africa/5079434.stm>, accessed on 11 August 2006

^x Ministry of Manpower, fact sheet in response to Human Rights Watch Report, 7 December 2005, <http://www.mom.gov.sg/PressRoom/PressReleases/Archived2005/20051207+FactSheetinResponsetoHRWReport.htm>, accessed on 10 August 2006