

Bosses back idea on use of worker levies

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Ploughing funds back to foreign workers benefits employers too, they say

EMPLOYERS have thrown their support behind businessman Ho Kwon Ping's idea to channel foreign worker levies into Central Provident Fund-like saving accounts.

Mr Ho suggested in a lecture on Tuesday that money in these accounts can be withdrawn when workers leave Singapore.

This will increase foreign workers' overall pay and help Singapore to attract higher-skilled talent, said the executive chairman of hospitality group Banyan Tree Holdings in the second of five Institute of Policy Studies-Nathan lectures he is giving.

Company bosses and business associations said ploughing back the levies to workers also benefits employers.

"Workers are encouraged to stay on in Singapore as they can grow their savings accounts. With more experienced workers, companies become more productive," said Mr Dominic Choy, director of projects at Hexacon Construction.

As of June, there were 980,800 foreign work permit holders in Singapore.

Foreign work pass holders do not get CPF.

The Singapore Business Federation (SBF) raised a similar idea of channelling levies into a fund for foreign workers during talks with the Manpower Ministry over the past year.

The fund can be used for training and other costs, such as when workers are repatriated or fall sick or are injured.

SBF's chief operating officer Victor Tay said levies should be used more effectively to ameliorate the higher costs to bosses. Currently, they go to the Consolidated Fund used to pay for the Government's operating expenditure.

"The objective of levies is to restrict the number of foreign workers by making it more costly to hire foreign workers or provide parity to local workers salaries. But the numbers have already come down because of stricter quotas," said Mr Tay.

"As business costs remain high and there is an absence of grants for foreign worker training, it is a win-win situation to use the levies to defray business costs. We can also upskill and motivate workers."

Dr Ho Nyok Yong, president of Singapore Contractors Association, also noted that the foreign worker quota scheme for the construction industry, which relies heavily on foreign labour, has already been tightened significantly.

"It is more important now to raise productivity of the foreign workforce through training," he said. This is where the levies can be used.

He suggested the levies could also be reduced since foreign worker numbers have already come down.

However, migrant worker groups and economists were less convinced that channelling levies back to workers would lead to more getting retained and a higher-skilled workforce in the short-term.

Mr Alex Au, vice-president of Transient Workers Count Too, said the idea does not address underlying problems such as employers getting illegal kickbacks from employment agents to hire new workers.

Some employers also prefer to hire new workers who command lower pay.

"Economically vulnerable ones are much less likely to complain," he said.

To motivate employers to do better in staff retention, Mr Edlan Chua, boss of Chinese restaurant chain Paradise Group, suggested that the fund created with the levies is offered only to firms with low foreign worker turnover rate.

Nominated MP and UniSIM professor Randolph Tan disagreed with Mr Ho that transitioning to a higher-skilled workforce can be a quick and cost-free process.

"He (Mr Ho) believes the benefits can be achieved 'immediately and without an increase in cost to employers' by simply converting the role of the foreign worker levies. I do not think that it will occur immediately. With a rise in salaries, you need turnover before better skilled workers replace lower-skilled ones, so it should, in my opinion, be a process rather than a switch," said Prof Tan.

A statement from the Manpower Ministry said it noted Mr Ho Kwon Ping's proposal.

"We recognise the importance of raising the quality of the foreign workforce in Singapore as key to maintain Singapore's continued economic competitiveness. We will study the merits and feasibility of the proposal and how it best complements our overall manpower planning strategies," said MOM.