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Cut illegal recruitment fees by boosting transparency

Burden of such fees leaves migrant workers vulnerable to abuse and exploitation

On The Ground



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When Indonesia announced in December that employers will now have to bear the cost of placement fees for hiring foreign domestic workers, many Singaporeans balked.

The fee of up to \$3,000, which covers expenses such as transportation, accommodation and medical examinations incurred in hiring new foreign domestic workers (FDWs), is too costly for a regular family, they said, making up close to a third of the median household income here.

Now, imagine what it feels like to have to pay for this fee as a migrant worker earning just \$450.

For years, FDWs, as well as other work permit and S Pass holders in industries like construction have been subject to high recruitment costs by employment agencies and labour brokers who recruit them.

They blindly agree to pay exorbitant placement fees that are not transparent in cost breakdowns, and forgo months of salary after securing jobs in richer nations like Singapore to repay debts to employment agents or recruiters.

Non-governmental organisations also say many workers – particularly those in construction, and hailing from countries like India and Bangladesh – are still paying excessive fees to unlicensed agents and even employers based in Singapore, even though this is illegal.

Only licensed employment agencies can collect recruitment fees; and they are allowed to collect no more than one month of a worker's salary for each year of service, capped at two months.

THE CONSEQUENCES FOR MIGRANT WORKERS

Those who have fallen victim to such illegal tactics often find it difficult to recover the amounts paid when agents or employers renege on promises.

This is an issue that the Ministry of Manpower (MOM) is keeping a close eye on, given the severe consequences for workers, said Ms Jeanette Har, director of well-being at MOM's foreign manpower management division.

"It puts (migrant workers) in a position of greater vulnerability because they would have to earn the money in order to recover what they have already paid," she said, adding that this means that workers may be prepared to "put up with an oppressive employment environment".

Bangladeshi construction worker Hossain (not his real name), 38, said he paid \$3,500 to a migrant worker in Singapore to secure a job here in June 2019.

When he was let go by his employer in the middle of last year, he was unable to recover the amount, which added up to close to seven months of his \$480 basic monthly salary.

"I was very worried about my family. How to pay the money I borrowed, how to take care of my

family? I was very upset," recounted Mr Hossain.

Mr Ayyavu John Peter, 28, an S Pass holder from Tamil Nadu, India, said he paid over \$6,000 in 2019 to his previous employer for his job as an assistant civil engineer in a construction firm.

On top of that, his employer owes him about four months of salary – a sum totalling more than \$13,000. Only about \$1,000 has been clawed back so far, even though the Employment Claims Tribunal has ordered the firm to pay up and he has reached a settlement with the firm for the sum to be paid back in instalments.

WHY IS THIS HAPPENING?

The issue of recruitment fees is a longstanding problem, and one key reason why this is happening is the opacity of the job market for migrants, said Mr Alex Au, vice-president of migrant rights group Transient Workers Count Too (TWC2).

Job openings for migrant workers are seldom listed on public platforms, and they have to rely on middlemen who collect fees in exchange for referring them to jobs.

There were 84 people who were penalised for illegal employment agent activities in 2019, a sharp

drop from around 150 a year between 2016 to 2018, an MOM spokesman told The Straits Times.

But while the figures suggest an improvement, activists and observers say such practices may also be under-reported, as those involved in such arrangements make sure to stay under the radar.

A TWC2 survey in 2019 found that about half of the 381 respondents paid an agent – most likely an illegal one – in Singapore.

Employers may also demand kickbacks from migrant workers – either as upfront cash payments from workers to hire them, or when their work permits need to

be renewed. Between 2014 and 2019, an average of 800 cases were investigated by MOM for kickbacks each year.

WHAT CAN BE DONE?

The authorities have adopted a slew of measures to weed out such practices over the years, including imposing stiffer penalties, stepping up education efforts and making use of data analytics and machine learning in their detection and enforcement efforts.

In recent months, officers from the MOM's Forward Assurance and Support Teams were also regularly deployed to migrant workers' dorms, helping in the early detection of employment offences, an MOM spokesman told ST.

But, by the time such offences are detected, it can be too late for migrant workers like Mr Hossain and Mr John. They would have already accumulated thousands of dollars in debt and endured months of hostile working conditions. Investigations can also take months to complete, or cases may remain unresolved.

While it is clear that Singapore takes such offences seriously, enforcement alone is unlikely to prevent illegal recruitment practices, given that those who flout the rules will take pains to cover up their tracks and avoid detection.

This is made worse by the unequal power dynamics between employers and workers.

Mr Au of TWC2 has proposed addressing the root of the problem by setting up a comprehensive job portal accessible to migrant workers looking for jobs in sectors such as construction.

By having a centralised platform it will take away the need for workers to depend on connections for jobs. Interviews and transactions can also be conducted on this portal, so that there is more transparency and no party can charge illegal recruitment fees, said Mr Au.

But Mr Eddy Lau, executive director of the Specialists Trade Alliance of Singapore that represents specialist contractors and suppliers in building and construction, believed that employers may not warm up to the idea of recruiting workers online.

For instance, they may not have the bandwidth to complete all the administrative procedures associated with hiring workers directly, including scheduling interviews and applying for work passes.

Still, this does not mean that the idea should be thrown out completely. Adjustments can be made so that such a job portal works for both employers and workers.

For instance, job matching and interviews on the centralised online portal can be facilitated either by the Government here or by a government-appointed recruitment centre, with migrant workers using the portal to directly apply for work in Singapore via their local embassy.

Once a job match has been made, regulated recruitment costs will have to be paid via the portal, which will ensure that no exorbitant fees are charged.

Government-approved local employment agencies can be appointed to process documents that facilitate a worker's entry to Singapore, and they will be paid a portion of the regulated recruitment fees for their work.

While the issue of recruitment fees is one that cuts across borders, such steps, if taken by the Singapore Government, can significantly help to reduce the burden borne by migrant workers here.

No worker should have to pay such a high price just for the chance to give themselves and their families a shot at a better life.



ST ILLUSTRATION: CELESTINO GULAPA

SCAN TO WATCH
Migrant burden: How foreign workers are illegally recruited in Singapore



str.sg/migrant-burden