

EA Alert Dated: 08 May 2018

EA Alert: MOM Advisory to EAs on Indonesian Embassy's New Performance Bond Requirement

Dear Key Appointment Holders and Employment Agency Personnel,

The Indonesian Embassy has notified Employment Agencies (EAs) here that it would impose a new S\$6,000 Performance Bond requirement on employers who hire Indonesian foreign domestic workers (FDWs)^[1].

2 If your EA is asked by the Indonesian Embassy to require the employer to fulfil the Performance Bond requirement by buying a guarantee from an insurer, your personnel must inform the employer that the Bond is not a requirement of the Singapore Government.

3 Your EA must also inform the employer that the terms of the Bond guarantee can be unfavourable to him/her (please see **Annex**). For example:

- a. The Indonesian Embassy will not need to show proof that the employer has done anything wrong in order to forfeit the Bond.
- b. The Insurer will pay the Bond upon demand by the Embassy.
- c. The Insurer will claim back from the employer the amount that the Insurer has paid to the Embassy.
- d. As the Bond guarantee is a private contract entered into between the employer and the Insurer, MOM will not be able to intervene.

4 Your EA must highlight to employers that they should consider:

- a. Whether they are prepared to accept the conditions imposed by the Insurer and the Indonesian Embassy; and
- b. Whether they have the means to pay the sum of up to S\$6,000 if the Bond is forfeited by the Indonesian Embassy and the Insurer claims against them.

5 Your EA must also inform employers that the Indonesian Embassy may ask the employer to purchase the Bond guarantee if his/her FDW is renewing her passport or processing some other document at the Embassy. The Indonesian Embassy may also require the employer to sign a new employment contract with his/her FDW at the Embassy itself. Your EA must advise the employer that once signed, the new contract will replace the existing contract and the employer will be bound by the terms of the new contract.

6 Your EA must advise employers to consider alternatives to employing an Indonesian FDW if they are uncomfortable with the risks of Bond guarantee, such as:

- a. Employing an FDW from other countries.

^[1] MOM has issued a press release on this new requirement by the Indonesian Embassy (www.mom.gov.sg/newsroom/press-releases). For further clarifications, please contact the Indonesian Embassy.

- b. Employing part-time help instead, including from companies on MOM's Household Services Scheme^[2].

7 After fully explaining the terms and conditions of the Performance Bond guarantee to affected employers, your EA is required to obtain an acknowledgement from the employer using the attached form – “Notice to FDW Employer on Implications of Purchasing the Indonesian Embassy Performance Bond Guarantee”. You must retain the signed form (to provide to MOM on request), and provide a photocopy to the employer. Please ensure that only employers who are required to buy the Bond guarantee do so and sign the acknowledgement form. Your EA must ensure that employer acknowledgement is obtained prior to applying for a work permit for the Indonesian FDW.

8 **Please note that all EAs are required to strictly comply with paragraphs 2-7 above with immediate effect. EAs that fail to comply are deemed to have compromised the interests of their clients and will be taken to task under Section 11(1)(c) of the Employment Agencies Act.**

^[2] For more information on the Household Services Scheme, please refer to www.mom.gov.sg/hss.