

# **TRIPARTITE ADVISORY ON THE EMPLOYMENT OF TERM CONTRACT EMPLOYEES**

## **Introduction**

1. Although the majority of working residents remain employed in permanent positions, term contract employees form a small but significant proportion of our workforce.
2. Term contract employees are those who are on fixed-term contracts of employment that will terminate upon the expiry of a specific term unless it is renewed.
3. Employers may wish to employ employees on term contracts for example, when the job is only available on a temporary/ project basis or there is a headcount constraint. Some employees themselves prefer to enter into contract work to meet their own need for flexibility in work schedule.
4. The Tripartite Partners have therefore developed this Advisory on good employment practices for employers when engaging employees on term contracts.

## **A. Granting of leave benefits to term contract employees with long term working relationship**

5. Term contract employees are entitled to statutory leave benefits under the Employment Act (EA), and the Child Development Co-Savings Act (CDCA), if they meet a minimum service period of 3 months without a break in service<sup>1</sup>. These leave benefits are, annual leave, sick leave, maternity leave, paternity leave, adoption leave, childcare and extended childcare leave (see Annex for more details).

6. However, some term contract employees who have been working for the same employer for a long time do not get to enjoy these leave benefits, as they are on separate contracts that are each shorter than the minimum service period of 3 months, and renewed with a break in between the contracts.

7. Employers are encouraged to grant such term contract employees leave benefits accordingly:

(a) For contracts of **14 days or more**, employers are encouraged to treat contracts renewed within **one month** of the previous contract as continuous<sup>2</sup>, and grant or accrue leave benefits based on the cumulative term of the contracts. This means that if the cumulative term of the contracts exceeds the respective qualifying period as spelt out in the EA and CDCA, employers are encouraged to provide the relevant leave benefits to term contract workers.

(b) Employers could prorate annual leave, sick leave and child-care leave benefits based on the length of the term contract. Details on eligibility and proration rules can be found at <http://www.mom.gov.sg/employment-practices/leave/annual-leave>

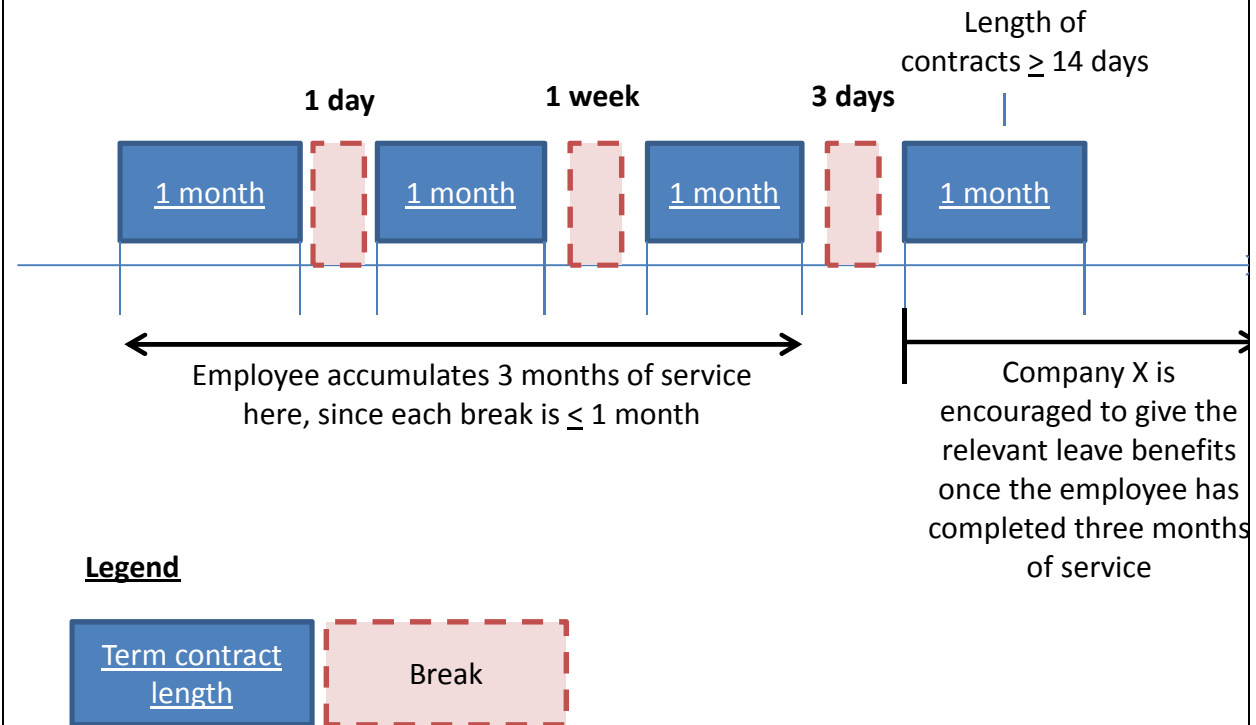
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<sup>1</sup> Term contract employees would need to satisfy the other eligibility criteria to qualify for the relevant leave benefits under the respective Acts.

<sup>2</sup> Breaks between contracts will not be counted as service.

### Illustration

An employee is employed by company X as follows –



In the above example, during the 4<sup>th</sup> one month contract where the employee has completed 3 months of service with company X, he will be entitled to:

- 2 days of paid annual leave (pro-rated based on  $\frac{3}{12} \times 7$ )
- 5 days of paid sick leave (non-hospitalisation leave); or if hospitalisation is necessary, the lesser of the following: (i) 15 days of hospitalisation leave; (ii) the aggregate of 5 days plus the number of days on which he is hospitalised
- 2 days of paid childcare leave

### **B. Notifying in advance of intention not to renew contracts**

8. For work arrangements that involve term contracts on a recurrent basis (i.e. contracts are renewed multiple times), it is good practice for both employer and employee to give sufficient notice<sup>3</sup> before the contract's expiry on whether either

<sup>3</sup> The notice period that employers should give may be the same as the notice period required for early contract termination as mutually agreed, or in the absence of such an agreement, should be not less than:

- a. one day's notice if his cumulative employment is less than 26 weeks;

party wishes to renew the contract. This will allow sufficient time for either party to make alternative arrangements.

**Annex**

**Summary of Leave Schemes in the EA and CDCA**

<b>S/N</b>	<b>Leave Scheme</b>	<b>Length of leave</b>
1	Annual leave*	Start with 7 days per year for first year of employment. Increases by 1 day per year of service thereafter, capped at 14 days per year.
2	Sick leave*	a) 14 days per year of non-hospitalisation leave; or  b) if hospitalisation is necessary, the lesser of the following:  i. 60 days of hospitalisation leave per year; ii. the aggregate of 14 days plus the number of days on which he is hospitalised per year.
3	Maternity leave	Under the EA, 12 weeks per child birth.  Under the CDCA, 16 weeks per child birth.
4	Paternity leave	2 weeks per child birth
5	Adoption leave	12 weeks per child adopted
6	Childcare and Extended Childcare leave*	Under the EA, 2 days per year for parents who have children under the age of 7

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- b. one week's notice if his cumulative employment is 26 weeks or more but less than 2 years;
  - c. 2 weeks' notice if his cumulative employment is 2 years or more but less than 5 years; and
  - d. 4 weeks' notice if his cumulative employment is 5 years or more

		Under the CDCA, 6 days per year for parents who have children under the age of 7, and 2 days for parents who have children between age of 7 – 12. Total number of childcare leave per year per parent is capped at 6 days.
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\*For term contract employees with cumulative term between 3 months and 1 year, employers could prorate annual leave, sick leave and child-care leave benefits based on the length of the term contract.