

## **Freelancers**

### ***Who are 'Freelancers'?***

- Freelancers<sup>1</sup> refer to persons who operate their own business or trade *without* employing any worker. They usually provide services to their clients and are free to negotiate their terms and benefits with their clients.
- There were 176,600 freelancers, forming 8.7% of employed residents in June 2012<sup>2</sup>.
- Freelancers are generally not covered by the Employment Act (EA) and the Work Injury Compensation Act (WICA) because there is no employer and employee relationship between them and their clients. As such, many countries do not include freelancers in their employment laws.
- A majority of such flexible work arrangements are mutually agreed upon satisfactorily. However, some vulnerable 'freelancers' exhibit many employee-like characteristics such as working for only one contractor, and/or having fixed working arrangements with the contractor including fixed working hours, required to wear the uniform of the contractor etc. These workers do not receive the benefits of the employment laws that they should rightfully receive as employees.
- We are therefore reviewing whether we can better protect these vulnerable groups, and ensure that they are accorded the relevant employment protection under the law.

### ***What are the other mechanisms to protect the interests of freelancers today?***

- *CPF* – Freelancers are required to contribute to their Medisave Account (MA) if they earn a yearly net trade income of more than \$6,000, to ensure that they have sufficient Medisave savings for their healthcare needs. Their Medisave contribution rates are broadly in line with that for employees, and are phased in according to income. While it is not compulsory for freelancers to contribute to the Ordinary and Special Accounts, they are encouraged to make voluntary contributions to all three accounts to build up their retirement savings.

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<sup>1</sup> Freelancers are sometimes also known as 'Own Account Workers'. They are part of a broader group of self-employed persons (SEPs) which also include employers and contributing family workers, who are not the focus of the current review of the Employment Act. "Employers" refer to persons who employ at least one paid worker in their business or trade. "Contributing family workers" refer to persons who assist in the operation of family business without receiving regular wages or salaries.

<sup>2</sup> Source: Labour Force in Singapore, 2012.

- *Family-related leave benefits* – Freelancers can claim any loss in income as a result of ceasing to be actively working while consuming any family-related leave (e.g. maternity leave, adoption leave, child care leave, extended child care leave, paternity leave and shared parental leave) from the Government, subject to a specified cap<sup>3</sup>.
- *Workfare* – The Workfare Income Supplement (WIS) Scheme supplements the income and CPF savings of older lower-wage workers, while encouraging work and individual effort. Eligible freelancers who fulfil their Medisave requirements may receive up to \$2,333 in WIS a year. They may also benefit from lower training costs under the Workfare Training Support (WTS) Scheme if they train and upgrade their skills.
- *Contractual Disputes* – Notwithstanding the statutory obligations above, freelancers can also seek redress for late payment of service fees or other contractual disputes through the Small Claims Tribunal or the Subordinate Courts depending on the claim amount and the nature of dispute.

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<sup>3</sup> Details of family related leave schemes can be found at [www.profamilyleave.gov.sg](http://www.profamilyleave.gov.sg).