

## Client Alert

June 2016

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### The Tripartite Guidelines On The Employment Of Term Contract Employees has been released - What you as an employer have to be aware of

On 20 June 2016, the Ministry of Manpower, the National Trades Union Congress, and the Singapore National Employers Federation released the new Tripartite Guidelines On The Employment Of Term Contract Employees ("**Guidelines**"). These Guidelines clarify the granting of leave benefits to long-term term contract employees and the notice period that employers should provide before contract expiry. Further details are set out below.

Employers should be conscious of these Guidelines given that Singapore's labour legislation has never explicitly regulated term contract employees. Further, given the advent of the sharing economy which utilises many term contract employees, companies in this space should be cognisant of these new Guidelines.

#### What are term contract employees?

The Guidelines define term contract employees as employees who are on fixed-term employment contracts that will terminate upon the expiry of a specific term unless renewed.

#### Granting of leave benefits to term contract employees

The Guidelines state that, for term contract employees whose duration of their fixed-term employment contracts ("**Contracts**") exceed 14 days or more, employers are encouraged to treat these Contracts which are renewed within one month of expiry of the previous Contract as a continuous period. Accordingly, employers would have to grant or accrue leave benefits based on the cumulative term of the Contracts.

Such leave benefits would include but are not limited to statutory leave benefits under the Employment Act (Cap. 91), and the Child Development Co-Savings Act (Cap. 38A), as long as the term contract employees meet the other requirements in the different statutes.

When granting these leave benefits, employers could prorate them based on the length of the Contract.

#### Notifying in advance of intention not to renew contracts

Employers and term contract employees are encourage to provide sufficient notice before the Contract expiry on whether either party wishes to renew the contract to allow sufficient time for either party to make alternative arrangements.

The Guidelines suggest that, in absence of an agreement on the duration of the notice period as set out in the Contract, the following can be used as a guideline:

- a) one day's notice if the term contract employee's cumulative employment is less than 26 weeks;
- 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

## Conclusion

Given the increasing prevalence of term employment in Singapore, these Guidelines are timely and have not come as a surprise. The Singapore Government had made it clear that it intends to address the issue of term contract employees as part of its still ongoing review of the labour legislation in Singapore. Employers of term contract workers should therefore be mindful of these new Guidelines moving forward.