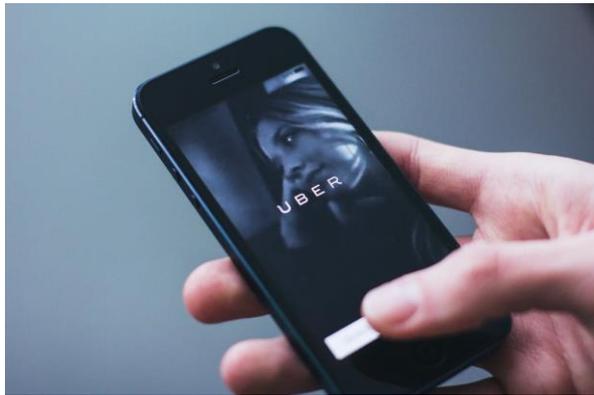


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Research provided by National Library, Singapore.

CPF Contributions for Private Hire Drivers

5 January 2018



Introduction

Many people, including young ones, have joined private-hire companies Grab and Uber on a full-time basis or to supplement their income. Some have not reached the age of 30 and may even be underemployed. By the early part of 2017, there were around 10,500 private-hire drivers.

Previously, these companies do not offer benefits such as medical leave or CPF contributions. Political figures and an academic have voiced concerns that drivers do not have contributions, which is not ideal for their retirement savings and financing their health care. However, the situation may be changing. These drivers now have to contribute to their Medisave account. In this regard, Grab has offered Medisave contributions to its drivers and car rental companies which lease cars to Uber drivers offer benefits such as a fixed salary, parking and petrol allowances and CPF contributions.

This resource guide not only provides articles on the issue of CPF contributions for private-hire drivers but also on other benefits that such gig economy workers can get. It also contains a report about the wellbeing of these workers in the United States for comparison, as well as an article showing how similar companies there have collaborated to benefit these drivers.

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Singapore

More young drivers joining Grab, Uber full time

Many young people have started driving for Grab and Uber. Around 20 to 30 percent of GrabCar drivers have not reached 30 years of age, while at Uber, the figure is about 25 percent. They see it either as a lucrative full-time job or as an easy way to supplement their income. They are drawn to the flexibility of the job and the possibility of pursuing their financial goals.

However, these jobs do not add to their resumes and do not come with benefits such as CPF contributions and medical leave. "Tampines GRC MP Desmond Choo, who sits on the Government Parliamentary Committee for Manpower, said the bigger issue for young private-hire drivers was underemployment — not landing jobs commensurate with their training. But he conceded that what they had studied in school may also not land them jobs that they want or that pay well enough to meet their needs."

Cheng, K. (2017 March 12). More young drivers joining Grab, Uber full time. *Today*. Retrieved January 5, 2018, from <http://www.todayonline.com/singapore/more-young-drivers-joining-grab-uber-full-time>



IRAS's new measures to ensure private-hire drivers pay taxes

IRAS had approached both Uber and GrabCar to make the filing of tax returns automatic for their 40,000 strong drivers. The driver will then log into his tax portal, make adjustments to his expenses before filing his tax returns. IRAS's move means that private-hire drivers will not be able to under-declare their income or avoid paying taxes. Private-hire drivers must also contribute to their Medisave account.

Jio, Kim. (2017). IRAS's new measures to ensure private-hire drivers pay taxes. (2017). *First Lane*. Retrieved January 5, 2018, from <https://www.firstlane.com.sg/iras-ensure-private-hire-drivers-pay-taxes/>



Taxman call on Grab, Uber drivers

Singapore University of Social Sciences economist Walter Theseira said that it is important to look at CPF contributions for private-hire or taxi drivers. These drivers do not pay CPF contributions. As such, their take-home pay may be significantly higher but it puts such drivers at risk of not being able to finance their homes or support themselves in retirement.

Taxman calls on Grab, Uber drivers. (2017, September 17). *The Straits Times*. Retrieved 5 January 2018, from <http://www.straitstimes.com/singapore/transport/uber-grab-drivers-in-taxmans-sights?xtor=CS3-18>



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Medisave programme for private hire vehicle drivers

GrabCar has announced a voluntary CPF Medisave co-contribution scheme for full-time private hire (PHV) drivers. Under the GrabCar Medisave Programme, GrabCar will match a driver's contribution to his CPF account up to \$200 per month. Grab recognises the need for individuals to save for their retirement and medical needs through CPF. The National Private Hire Vehicles Association (NPHVA) has urged all eligible Grab drivers to participate in this programme. The company's matching contribution will see to it that "drivers are immediately assured of a 100 percent return on the monies set aside for CPF up to the amount stipulated."

Medisave programme for private hire vehicle drivers. (2017, March 9). *National Private Hire Vehicles Association*. Retrieved December 20, 2017, from

https://www.ntuc.org.sg/wps/portal/nphva/home/benefits/benefitdetails?WCM_GLOBAL_CONTEXT=/content_library/nphva/home/benefits/c2d1137c-940b-4aa9-b878-f3aa95b2f991



National Private Hire Vehicles Association takes first step in representing drivers through partnership with Grab

The National Private Hire Vehicles Association (NPHVA) has partnered with Grab to champion the interests of private hire vehicle (PHV) drivers. The collaboration allows for regular dialogues between NPHVA, Grab and its drivers "to facilitate operational and driver-related issues on the ground, as well as other driver-centric activities to promote driving as a viable income source and help drivers maintain a sustainable driving business."

National Private Hire Vehicles Association takes first step in representing drivers through partnership with Grab. (2016, September 29). *Grab*. Retrieved 5 January 2018, from

<https://www.grab.com/sg/press/consumers-drivers/national-private-hire-vehicles-association-takes-first-step-representing-drivers-partnership-grab/>



CPF boost for Grabcar drivers

Grab has become the first ride-hailing company to provide its drivers with Medisave contributions. Under the Grabcar Medisave Programme, drivers who contribute to their Medisave accounts will receive up to S\$200 per month from the company to add to their account. This is only offered to drivers who make at least 80 trips a week, and are eligible for incentives, to qualify for the maximum contribution of \$100 a month." Labour MP and National Taxi Association executive adviser Ang Hin Kee said that Medisave is a "basic fundamental need." He sees this move as "helping workers in their medical needs is an exceptionally meagre thing and (this step) shows that Grab's freelancers are valued partners. By providing this, drivers can concentrate on work and do not need to worry about medical needs. Then, more drivers will want to join."

CPF boost for Grabcar drivers. (2017, March 10). *The New Paper*. Retrieved November 20, 2017, from

<http://www.tnp.sg/news/singapore/cpf-boost-grabcar-drivers>



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Research provided by National Library, Singapore.

Car rental firms offer salary, leave for Uber drivers

To attract drivers, UBER has dangled benefits such as a monthly salary, CPF contributions, and annual leave. In September, it announced that car rental companies which lease cars to UBER drivers, are hiring full-time and part-time drivers as employees. Most of the rental companies offer \$2,500 monthly to drivers who make a minimum of 125-135 per week, with incentives given for each extra trip they make after they have achieved the target, amongst other benefits. Some drivers might be attracted to this employment model, as there is a "salary" and benefits like CPF contributions.

Heng, L. (2017, September 29). Car rental firms offer salary, leave for Uber drivers. *The New Paper*. Retrieved 5 January 2018, from <http://www.tnp.sg/news/singapore/car-rental-firms-offer-salary-leave-uber-drivers>



Speech on CPF and gig economy by Mr Lim Swee Say, Minister for Manpower at Committee of Supply 2017

In paragraph 41 onwards Minister Lim Swee Say discusses the government's definition of gig work. In paragraph 48, he classifies private-hire car drivers as gig workers. He also noted that at that time, there were 10,500 of such drivers.

Speech on CPF and gig economy by Mr Lim Swee Say, Minister for Manpower at Committee of Supply 2017. (2017, March 6). *Ministry of Manpower*. Retrieved 5 January 2018, from <http://www.mom.gov.sg/newsroom/speeches/2017/0306-speech-by-min-lim-on-cpf-and-gig-economy-at-cos-2017>



Other countries

Lyft is adding a benefit offered by Chipotle and Taco Bell to give its drivers discounts on classes

Guild Education and Lyft, the fastest-growing rideshare company in the United States, have announced a partnership "that will offer Lyft drivers across the country the opportunity to further their education." The partnership provides an opportunity for working adults "with the flexibility, access, and support that will help them advance their education." It provides tuition discounts ranging from five to 20 percent and enables those studying for a degree to save up to US\$4,220 per year. Most Lyft drivers are part-timers and they use Lyft as a flexible way to earn income as they work to achieve long-term goals. More than 93 percent drive fewer than 20 hours a week; "92 percent are employed, seeking employment, full-time students or retirees; and 96 percent say flexible hours are very or extremely important."

Peterson, B. (2017, December 11). Lyft is adding a benefit offered by Chipotle and Taco Bell to give its drivers discounts on classes. *Business Insider*. Retrieved 5 January 2018, from <http://www.businessinsider.com/lyft-adds-an-education-benefit-for-drivers-2017-12/?IR=T>



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Gig workers in America: Profiles, mindsets, and financial wellness

While the gig economy has its positive side, it does have a negative impact on personal financial security for those working in it. These workers are at a disadvantage when it comes to salary, benefits and job security, which in turn, impacts their financial wellness. Survey returns from 1,491 workers in the United States found that those who are working alone as temporary or contract workers do not have access to employer-sponsored retirement or insurance plans. Those who depend on income only from gig work earn an average of US\$36,500 per year vis-à-vis US\$62,700 for full-time employees. The former is also far more financially vulnerable than their full-time counterparts. This report also provides a definition of terms such as “gig only”, “gig plus” and “full-time” workers and their respective profiles; nature of work and attitudes; their happiness with their current work situation; and notes that gig work fulfils the needs for various life stages.

Gig workers in America: Profiles, mindsets, and financial wellness. (2017, August 13). *Prudential Financial*. Retrieved 5 January 2018, from http://research.prudential.com/documents/rp/Gig_Economy_Whitepaper.pdf

