

REPORT FROM HR SUB-WORKING GROUP

DEVELOPMENT OF VIETNAMESE WORKFORCE: Enhancing Enterprise Competitiveness for Global Integration

*Prepared by
Mr. Colin Blackwell
VBF Human Resource Sub-group*

EXECUTIVE SUMMARY

- The VBF broadly supports the MOLISA initiatives to reform the social security system.
- These reforms are in line with international best practice.
- We request that communication and consultation be improved with the business community on social security changes. This will allow businesses to better explain the complex issue to their employees.
- We encourage the current efforts being made to simplify the work permit issuance process.
- We propose a new short term business visa category to be considered.
- We would welcome the opportunity for ongoing dialogue with MOLISA regarding the impacts of the ASEAN Economic Community changes to freer movement of regional skilled labour in certain job categories.

DETAILED REPORT

We would like to thank the Ministry of Labour - Invalids and Social Affairs for the excellent corporation with the business community. We would like to use this opportunity to comment on two current employment topics.

1. Social Security

We note the extensive changes being proposed and implemented to the Social Insurance laws. As a broad principle, the VBF supports the intent of these changes as they are good for Vietnam and the Vietnamese environment. These changes follow international best practice and bring Vietnam closer to other countries in the region.

Specifically, we would comment as follows:

- Expanding the groups of participants subject to compulsory social insurance is good, as it broadens the “safety net” provided.
- All provisions to increase transparency are positive; such allowing employees to self manage their social insurance books and asking employers to communicate information every six months.
- The steps being taken to more clearly separating unemployment insurance from social security for pensions are good.
- We understand that increasing the premiums is better for the long term economic funding, but the additional costs of these should be considered in a larger picture when there are future minimum wage increases proposals.

We would encourage more consultation and communication with the business community on this topic so that employers are better positioned to explain this complex topic to their employees. This increased communication would lessen the risk of any employee relations misunderstandings, to the benefit of employees, employers and the economy. Some specific ideas are:

- Reviewing the materials being used to explain the regulation changes to companies and workers to ensure that the changes are properly explained and understood.
- Building a better system in the process of drafting the laws and regulations, where consultation and comment collections will more directly interact with those corporations and workers who are directly affected by the new rules.
- Building trust for the institution of collection, payment and management of social insurance.
- The VBF and chambers of commerce are willing to support and assist with any communication programs on this topic

2. Work Permits

Again we would like to thank the Ministry of Labour, Invalids and Social Affairs for the recent dialogues and workshop on the evaluation of the implementation of decree 102/2013/ND-CP. We are glad to say the Ministry of Labour is already assisting in resolving current issues which we would like to highlight below:

- The procedure for Work permit re-issuance should be simplified and applications should be accepted at least 30 days before its expiry date. Hence the applicants have enough time to get their visa/temporary Residence renewed before it expires.
 - + Trainees working in Vietnam, freelancers working for many different organizations are currently out of scope of application of current decree 102 and need to be in the scope of application.
 - + Vietnamese Police clearance certificate requirement should be applicable only for those who have been in Vietnam for 6 months or more.

- + The processing time to obtain approval for the “Foreign labour demand report” should be maximum 15 days as stipulated under circular No. 03/2013/TT-BLDTBXH and not 6 weeks like in some of the provinces.
- Needs to define different document requirements depending on the type of employment/assignment in the scope of application including:
 - + Foreign nationals in Vietnam to work in fulfilment of a labour contract
 - + Intra-company transferees or assignees working in Vietnam in relation to a service contract between the employer (sending entity) and the host entity in Vietnam (client/contractor...).
 - + Short term foreign nationals working in Vietnam for short term mission of less than 90 days (i.e.: to conduct training, Conduct any audit at company’s or contractor’s site (quality, financial, tax compliance, security, IT audit...etc), Exploration of the market, Provision, purchasing of goods / equipment. Maintenance and repair of equipment, supervision and management of equipment assembly, Recruitment, interview) foreign nationals coming to Vietnam for Internship. This group should not be required to apply for work permit and stipulated in the decree.
- The procedure for Work permit exemption should be a simple registration procedure (e.g. completion of a work permit exemption form should be applied to exempt applicant).
- Provide more comprehensive guidelines on the issuance of work permits and improve training of labour officers to ensure uniformity of procedure OR centralise work permit application in one administrative body with qualified officers.

3. AEC regional labor movement changes

On a related topic, we note the upcoming ASEAN Economic Community provisions for freer movement of some categories of skilled labour within ASEAN by the year end. Whilst this is generally positive for the business community, we would caution that the implications for this could be more far reaching than anticipated. According to MOLISA data, there are currently around 55,000 foreigner work permits issued in Vietnam. If we look at some neighboring countries with more open movement of foreign labour, we see this is already a bigger issue for them – Thailand and Malaysia are estimated to have foreign workforces numbering in the millions. Whilst it is too early to predict what will happen in 2016, we would request that MOLISA keeps open the communication channels with the business community on this so that everyone can coordinate effectively to meet the opportunities and challenges arising.