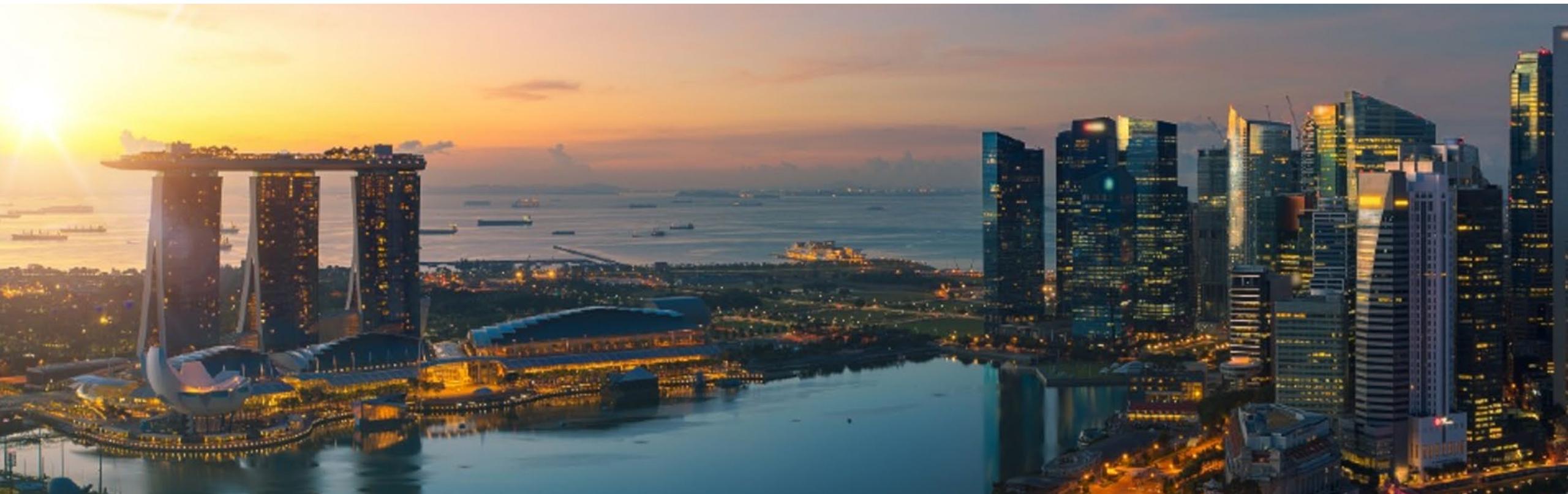


Maximising Opportunities for Citizens: Singapore's Evolving Approach



Outline of Presentation

- Singapore's Principles of Governance and Social Compact
- Central role of Employment, Education and Skills
- Expanding Social Security and Support

(I) Singapore's Principles of Governance and Social Compact

Social contract underpinned by values and ideology

*“There is a continual need to balance between a successful, competitive society, and a cohesive, compassionate one. That requires judgment, to strike a bargain or **social contract**. Each society must arrive at that optimum point for itself. Between the two ends, the highly competitive and the excessively equal, lies a golden mean. **This point will move with time and changing values.**”*

Singapore's first Prime Minister, Lee Kuan Yew

Key Elements of the Singapore System

- **Self-Reliance**
 - “Reward for Work; Work for Reward”
- **“Social investment state”**
 - Focus on education and public housing/home ownership
- **Inclusivity in opportunities**
 - “A stake for everyone, opportunities for all”
 - Early intervention to maximise opportunities
- **Targeted rather than universal social assistance**
 - Community Care support strictly means tested

*“Our **social compact** is rather different. It is based on personal responsibility, with the family and community playing key roles in supporting people through difficulties. The state will provide a safety net, but it should be a last resort, not a first resort, and should focus on the minority who need help the most. We thus avoid state welfare, which will erode our incentive to achieve and sap our will to strive.”*

Then-PM Lee Hsien Loong
2005 Budget Speech

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2005 Budget Speech

Singapore's Principles of Social Assistance

(2005 MCYS Committee of Supply Speech)

- Self-Reliance
- Family as the first line of support
- Many helping hands

Self-Reliance: Twofold aim

- To prevent a drain on fiscal resources, given that social spending has proved hard to keep in check in many advanced democracies
- To promote the values of self-reliance, family and community self-help, which are deemed essential to economic dynamism and social resilience.

“It’s about keeping alive a culture where I feel proud that I own my home and I earn my own success through my job. I feel proud that I’m raising my family. Keeping that culture going is what keeps a society vibrant.”

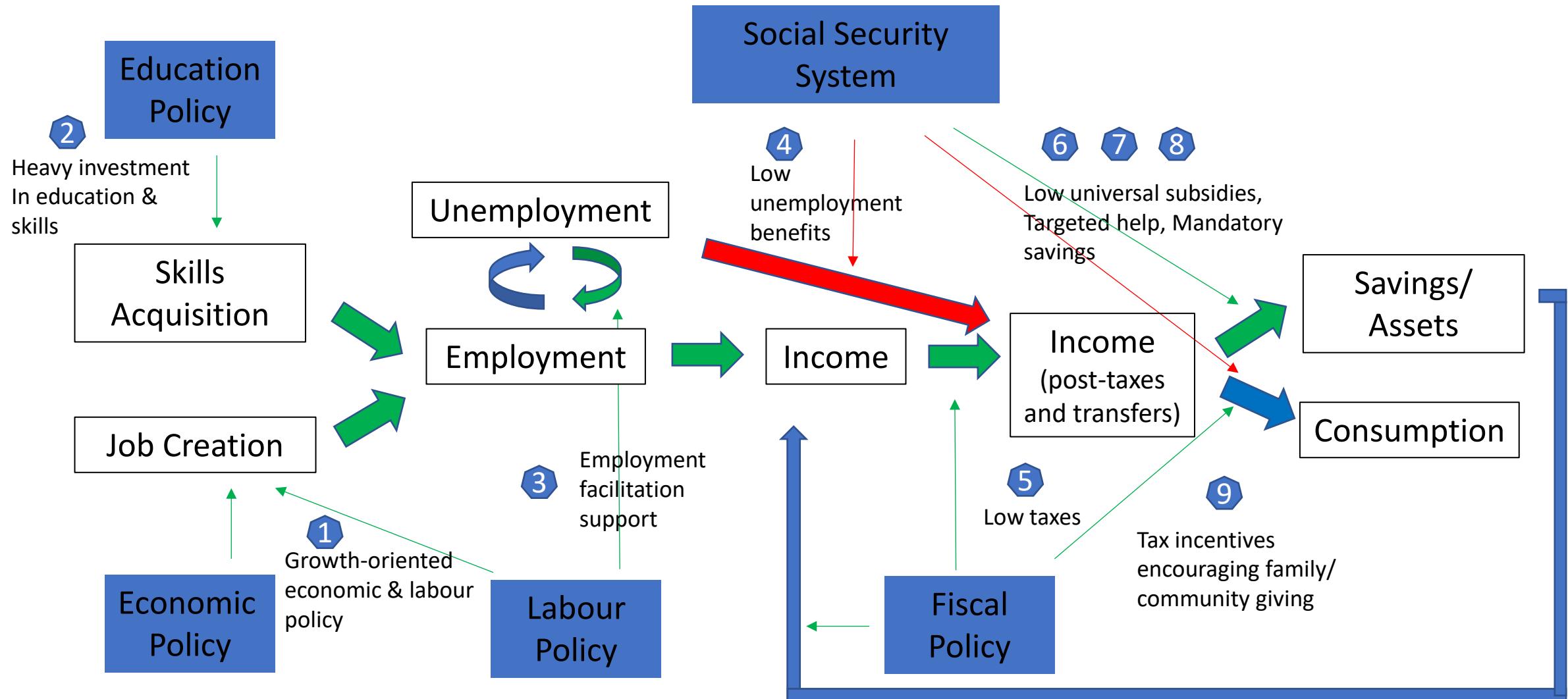
Then-DPM Tharman Shanmugaratnam
@ St Gallen (2015)

Family as First Line of Support

- **Community Care (ComCare) support strictly means tested**
 - <5% of households
 - Takes into account household income as well as family members' contributions
- **Maintenance of Parents Act (1995)**
 - Allows needy seniors to claim maintenance from their children who are capable of supporting them, but are not doing so

“Many Helping Hands” Approach

- Government partners social service agencies, donors, volunteers, grassroots organisations to deliver support to the needy
 - Aim is to tap on the goodwill, drive and resources of the community, including community and religious organisations
- Community giving encouraged through tax deductions
 - Currently 250% for approved donations
- National Council of Social Service
 - Supports the social services sector in building capacity and capabilities
 - Rallies community and corporate partners to support social causes
- National Volunteer and Philanthropy Centre
 - Promotes and supports volunteerism

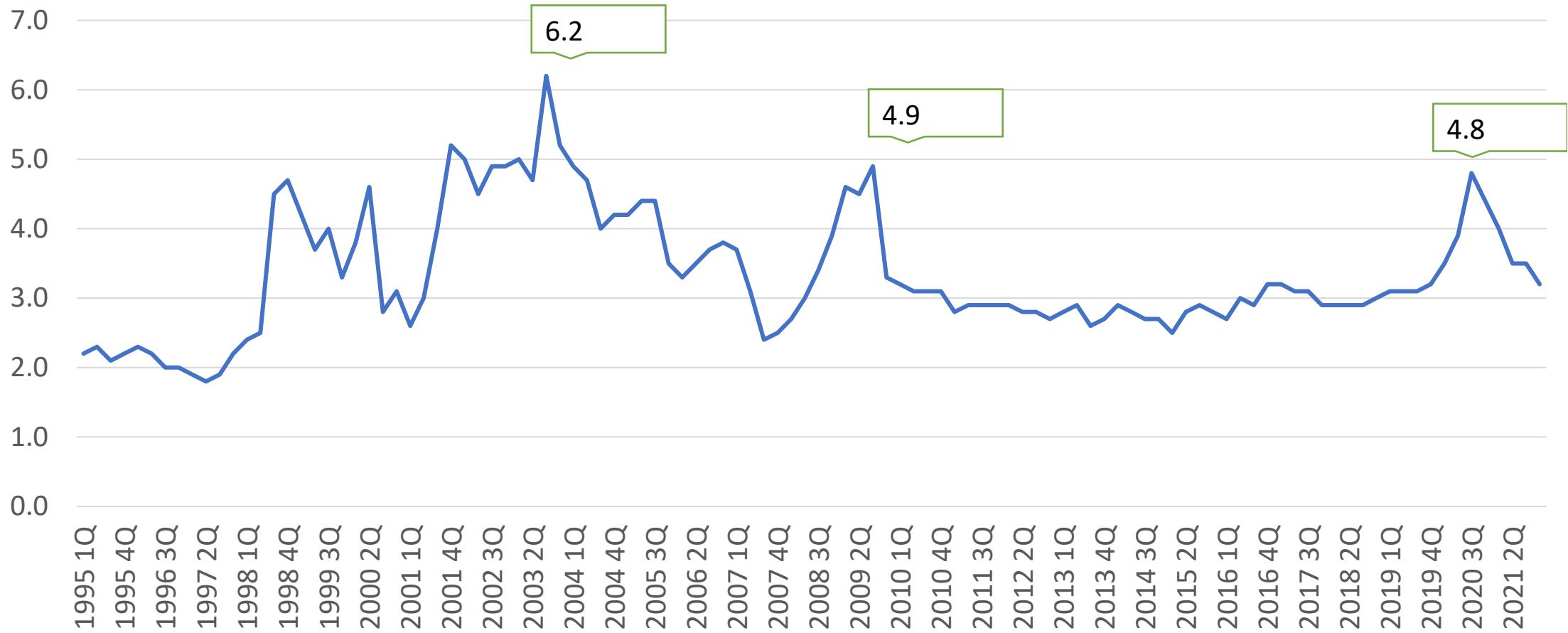


(II) Central Role of Employment, Education and Skills

Central Role of Employment in the Social Compact

- Premised on ability of economy to provide jobs for anyone willing to work
 - “A job is the best welfare”
 - “Full employment is the best protection for our people.”
- Focus on job creation, upstream education and skills investment for good jobs and incomes
- Employment facilitation to help those who are retrenched or unemployed to get back into employment

Quarterly Resident Unemployment Rate (Seasonally Adjusted) (%)



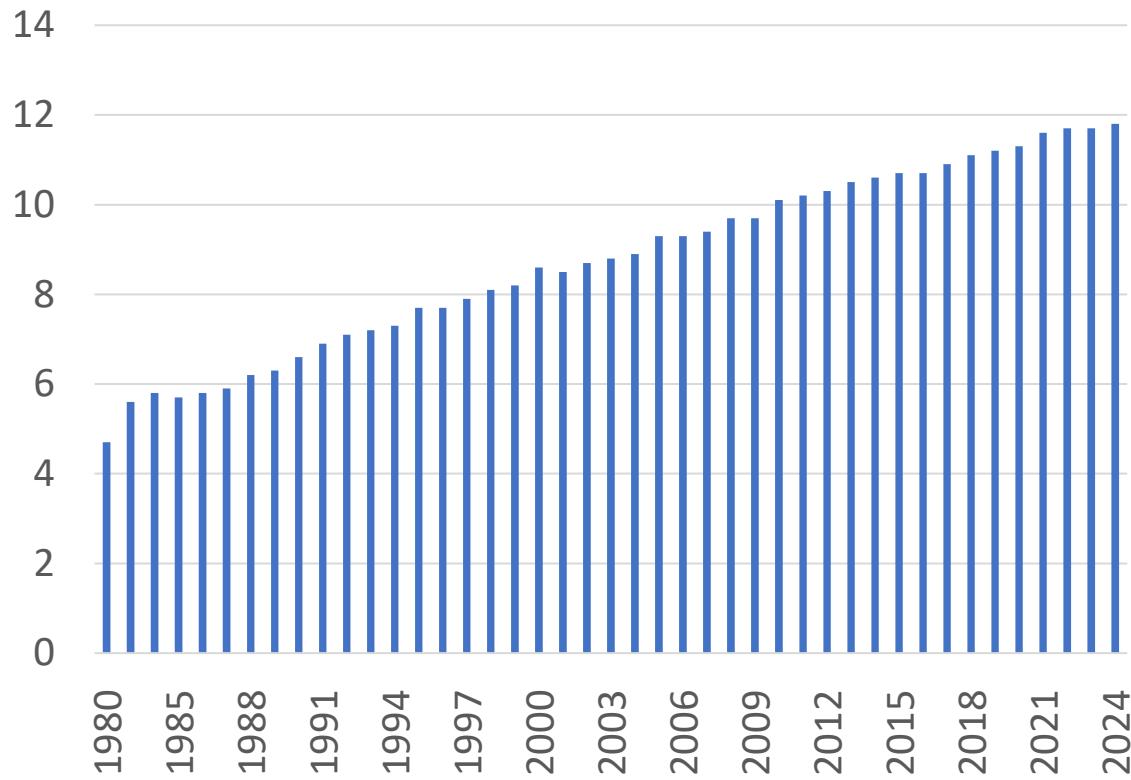
Real Gross Monthly Income from Work of Full-Time Employed Residents (2019 dollars)



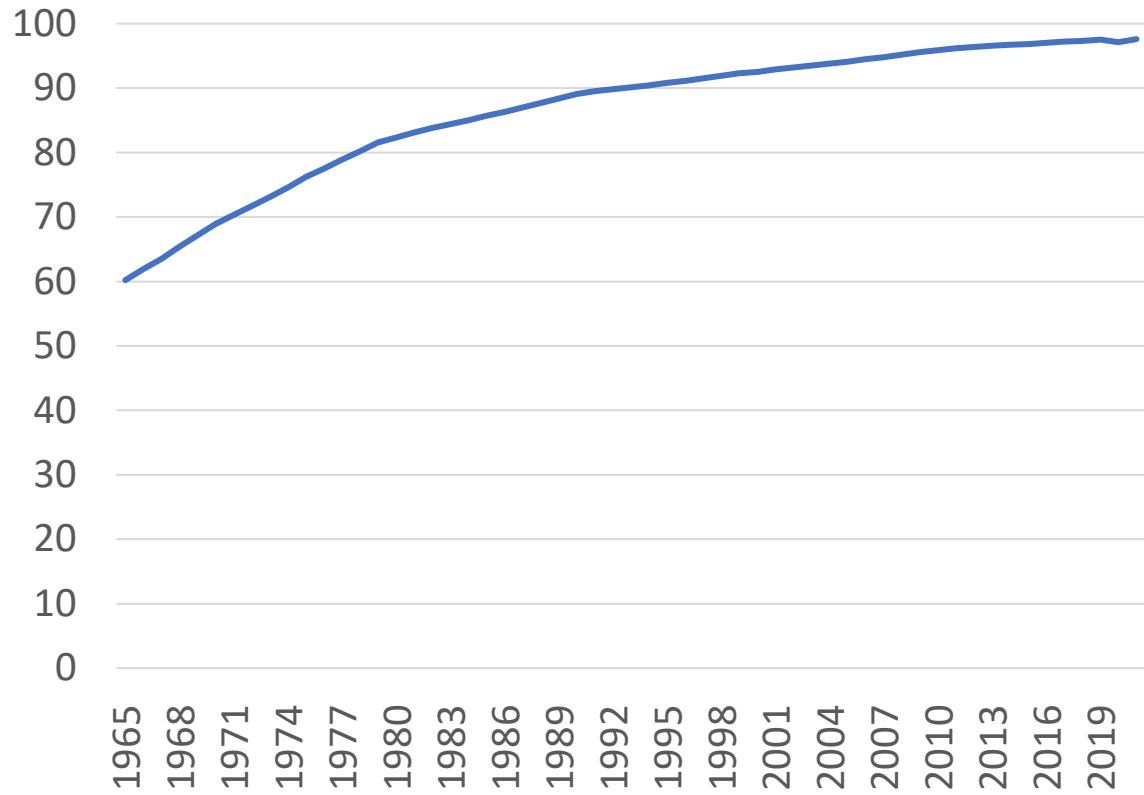
Education Access, Affordability, Quality

- **Compulsory education** (6 years) introduced in 2003
- **Nominal fees** for primary, secondary and technical education
- **Teachers are well-qualified** - trained at the National Institute of Education and undergo continuing professional development
- **“Every school a good school”**
 - Aim for uniformly high quality across national schools (high averages)
 - Best teachers deployed to “neighbourhood schools”
 - Schools with high proportion of students from lower-income families receive higher capitation funding

Mean Years of Schooling (Residents Aged 25 Years and Older)



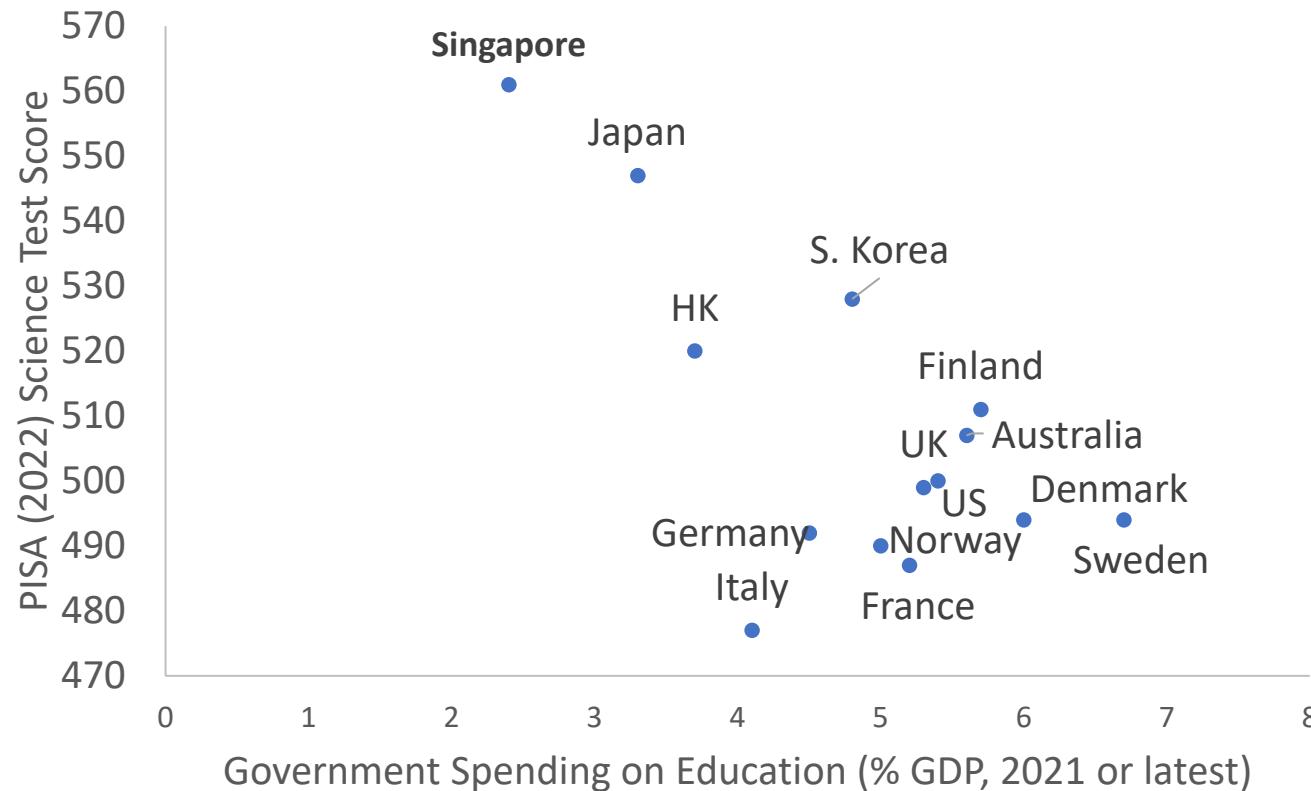
Literacy Rate (%)



Source: Singapore Department of Statistics

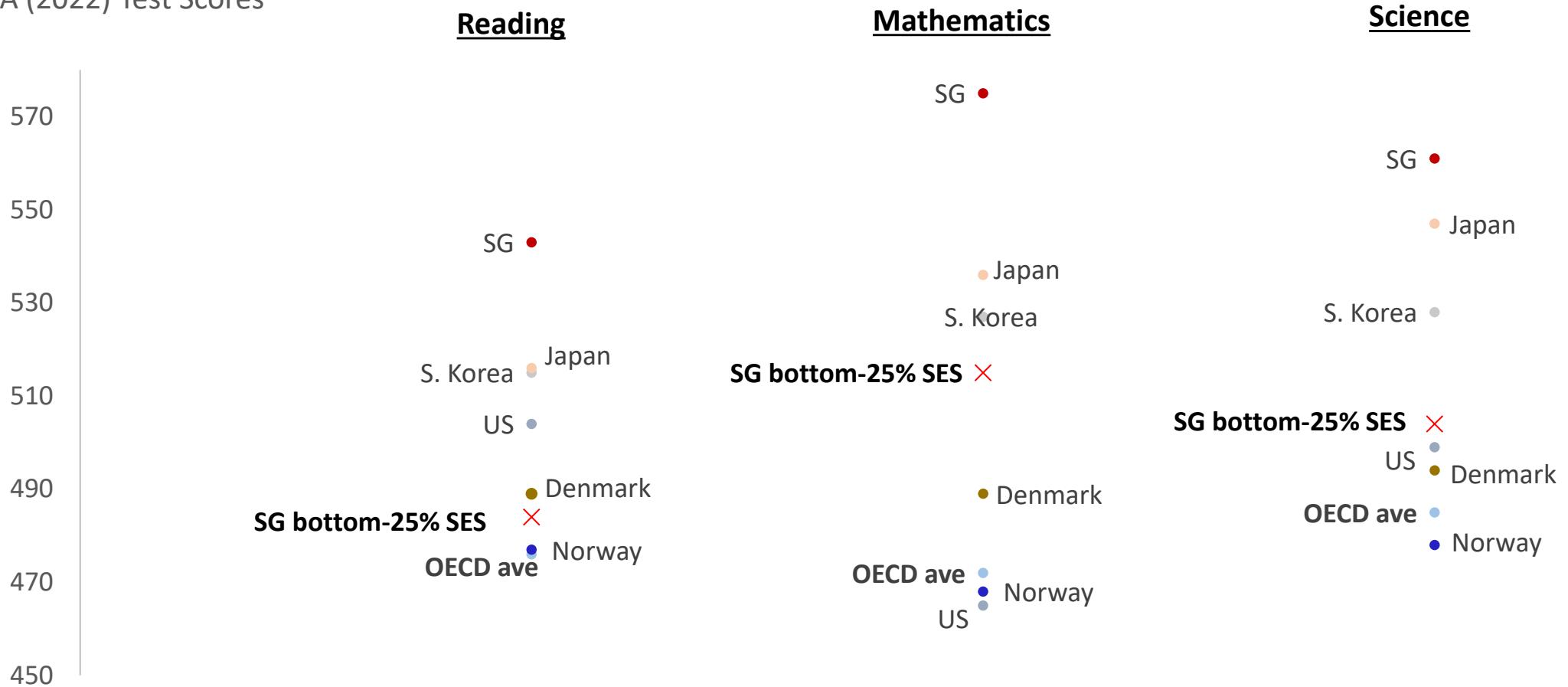
Good outcomes despite lower spending

Singapore spends 3% of GDP on education but has good results in **education**



Singapore's bottom 25% SES' education outcomes above OECD average

PISA (2022) Test Scores



Supporting Learning through Life

Strengthened support for

- Early Childhood education
 - Significant step up in state involvement since 2013
- Lifelong learning
 - Through “SkillsFuture” movement launched in 2015

Early Childhood Education

- Previously left to the private sector
 - Private market already well-established
 - Avoid triggering educational “arms race”
- Reasons for rethink in early 2010s
 - Research suggested lasting cognitive and behavioural impact from early intervention (largest returns to education at earlier age)
 - Significant disparities in preschool participation and standards
 - Concern about social mobility and social “stratification”

Early Childhood Education

- **Quality**
 - Early Childhood Development Agency formed (2013)
 - MOE Kindergartens set up to showcase best practices (2013)
 - National Institute of Early Childhood Education formed (2019)
- **Affordability**
 - Anchor Operator Scheme (2009) and Partner Operator Scheme (2016) – committed to fee caps and raising quality of education
 - Preschool subsidies repeatedly enhanced and fee assistance extended to middle-income families
- **Access**
 - Expansion of Anchor and Partner operators and MOE kindergartens will enable 80% of preschoolers to have a place in a govt-supported preschool

Early Intervention & Wraparound Support

- **KidSTART**
 - Holistic support for low-income families in early childhood development, in partnership with early childhood consultants, health and social service professionals
- **UPLIFT (Uplifting Pupils in Life and Inspiring Families)**
 - Schools partner govt agencies, community organisations, donors and volunteers to enhance upstream wraparound support for disadvantaged students.
- **Learning Support Programme**
 - Early intervention programme for students who need additional help with languages and mathematics in primary school
- **ComLink+ Progress Packages**
 - Preschool Package – Child Development Account top-ups for enrolment and regular attendance, funded by private donor

Lifelong Learning

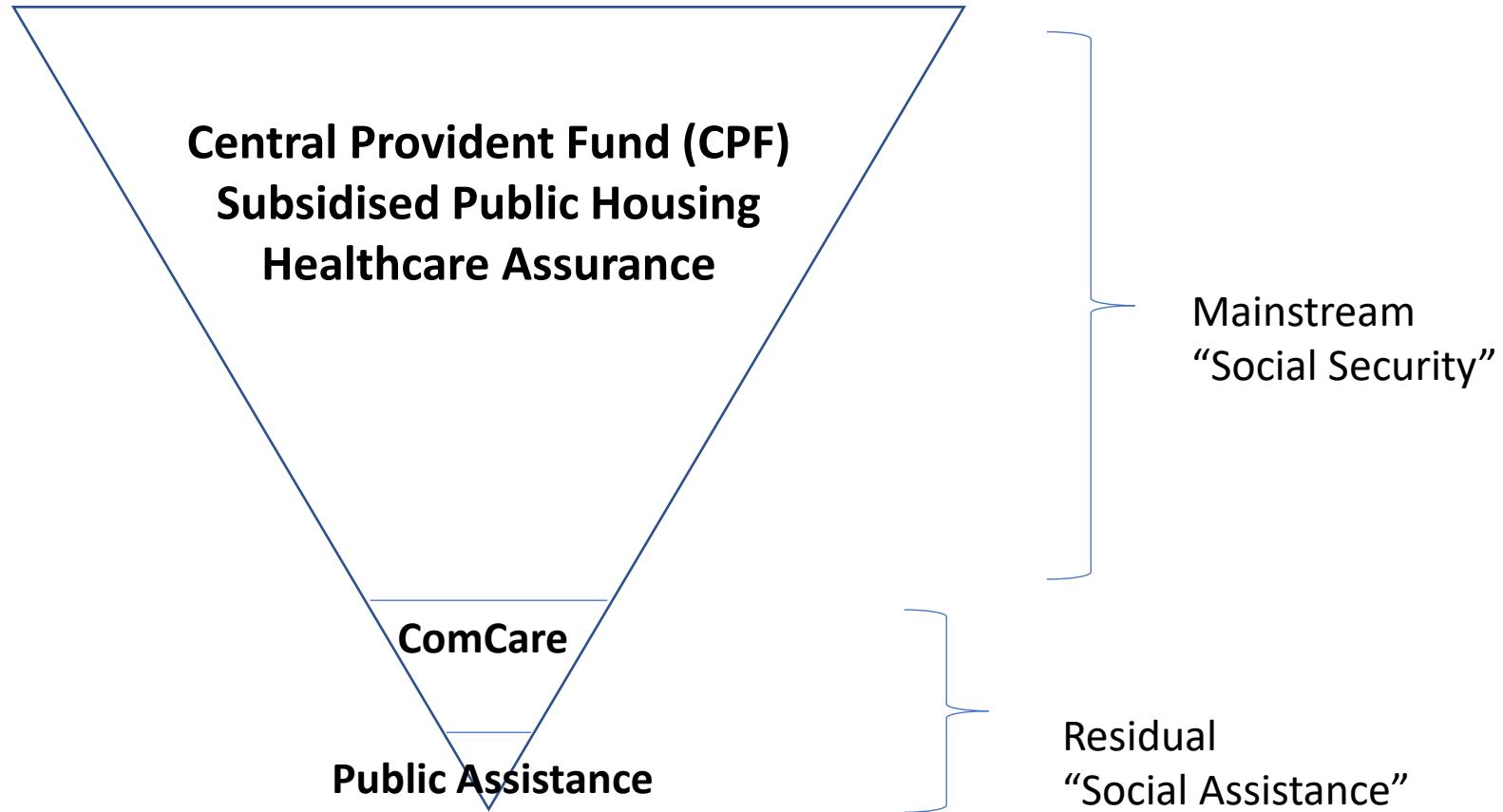
- **Workforce Skills Qualifications** (launched in 2005)
 - Continuing education and training (CET) system based on industry-agreed competency standards that provides training for skills upgrading as well as certification of workers' existing skills
 - Course fee subsidies for employer-sponsored and self-sponsored trainees
- **SkillsFuture Movement** (launched in 2015)
 - Job and skills demands rapidly changing
 - Recognised need to rebalance between pre-employment training (PET) and CET investment

Selected SkillsFuture Initiatives

- SkillsFuture Credit
 - Credit given to all Singaporeans aged 25 and above for a broad range of education and training courses supported by Government agencies
- Work-Study Programmes
 - Structured on-the-job training leading to industry-recognised qualifications
- Mid-Career Enhanced Subsidy
 - 90% course fee funding support for Singaporeans aged 40 and above
- SkillsFuture Level-Up Programme
 - Support for mid-career workers to pursue substantive skills reboot

(III) Expanding Social Security and Support

Singapore's Social Security System



Adapted from Terence Ho, *Refreshing the Singapore System* (2021)

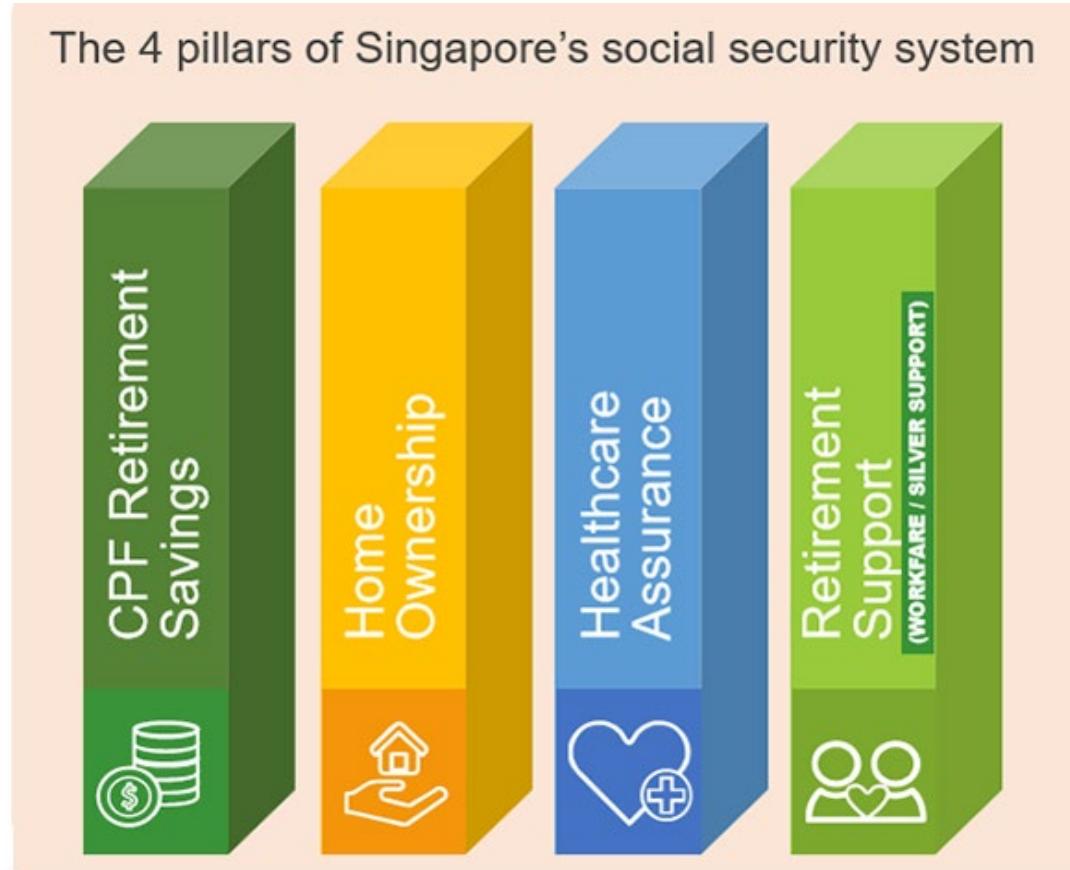
Structural Challenges in the 21st Century

- Internal
 - Maturing economy
 - Social stratification
 - Ageing population
 - Global city and high cost of living
- External
 - Global competition
 - Economic volatility
 - Technological disruption
 - Climate Change and Sustainability

Expanding Social Policy

- Introduction of **Workfare Income Supplement (wage supplement)** and **Silver Support Scheme** as 4th pillar of social security
- Risk-pooling (social insurance)
- Progressive Wage Model
- Unemployment support (SkillsFuture Jobseeker Support)

Workfare and Silver Support



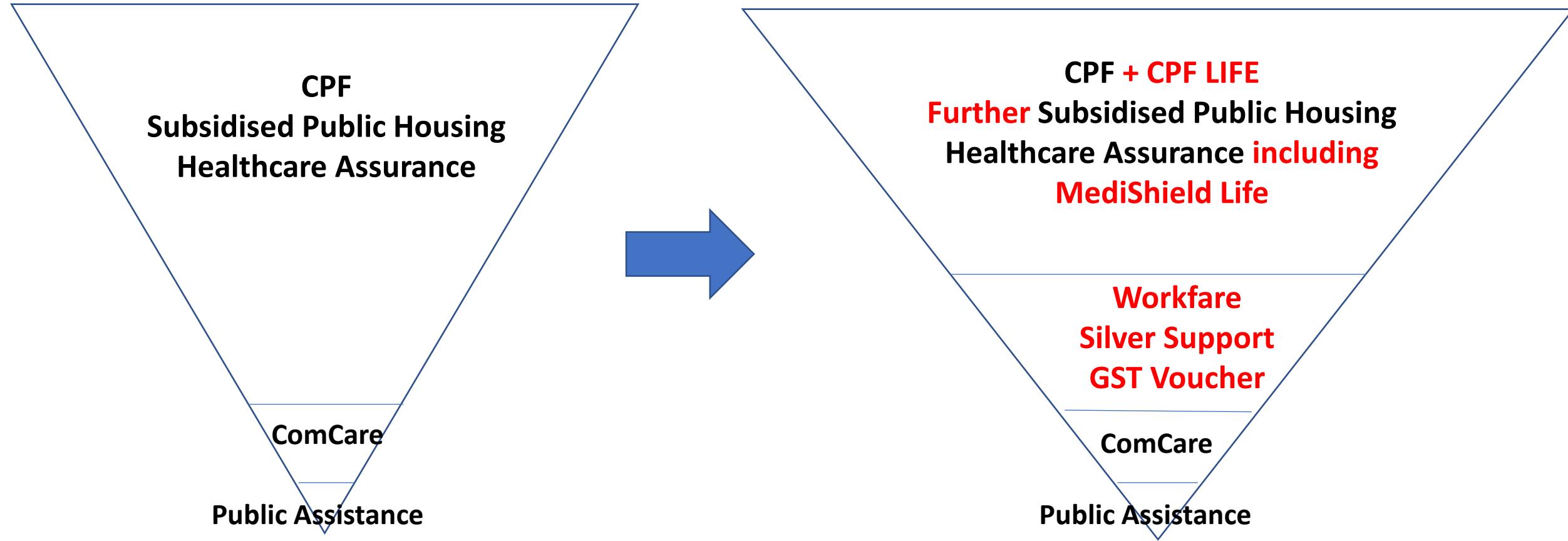
- **Workfare Income Supplement** – wage supplement for lower-wage workers introduced in 2007: **tops up incomes of bottom 20% of wage earners**, with some support for those earning slightly above, to help them build up savings for retirement
- **Workfare Skills Support** – further training subsidies for Workfare recipients
- **Silver Support** – equivalent for lower-income retirees based on lifetime income (assessed by CPF savings), introduced in 2016

Source: CPF Board

Risk Pooling

- Universal healthcare insurance
 - MediShield Life introduced in 2015
 - Previously, catastrophic healthcare insurance scheme MediShield did not cover those with pre-existing medical conditions
- Long-term care insurance
 - CareShield Life introduced in 2020
- Longevity insurance
 - CPF Lifelong Income For the Elderly (CPF LIFE), an annuity scheme introduced in 2009

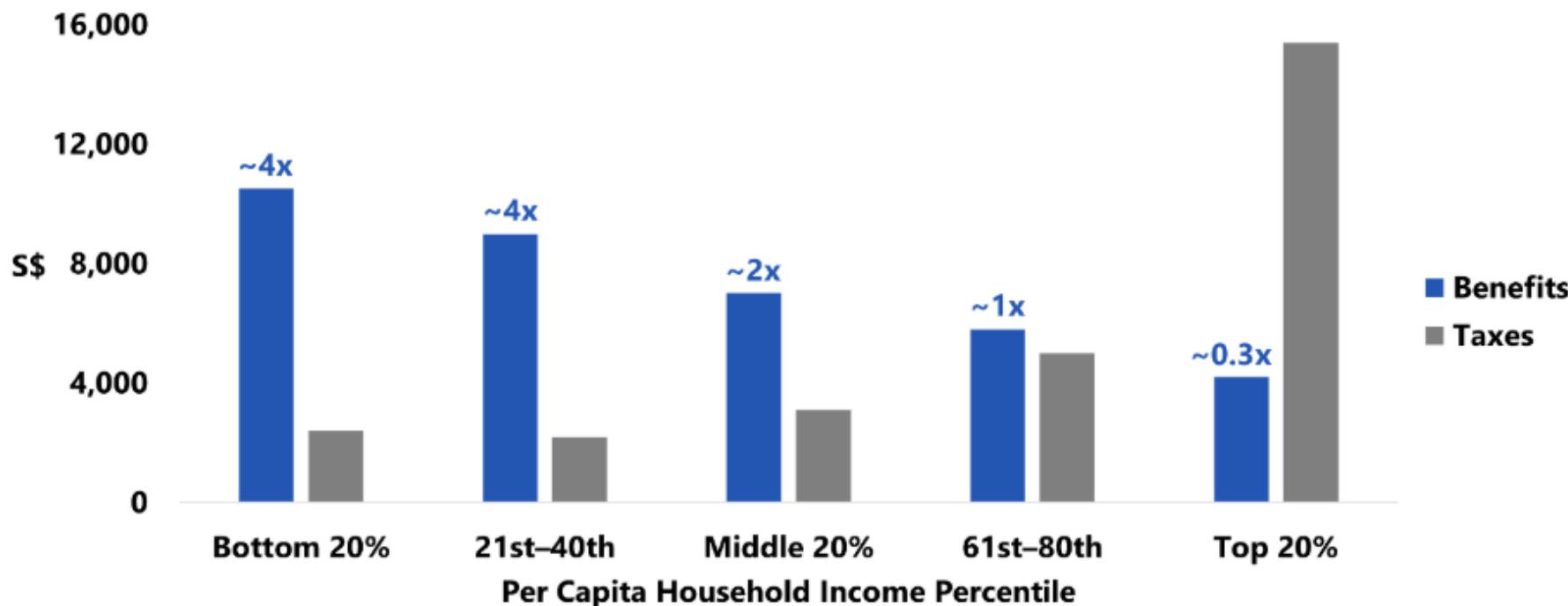
Expansion of Singapore's Social Security System



Adapted from Terence Ho, *Refreshing the Singapore System* (2021)

A Stake for Everyone: Redistribution

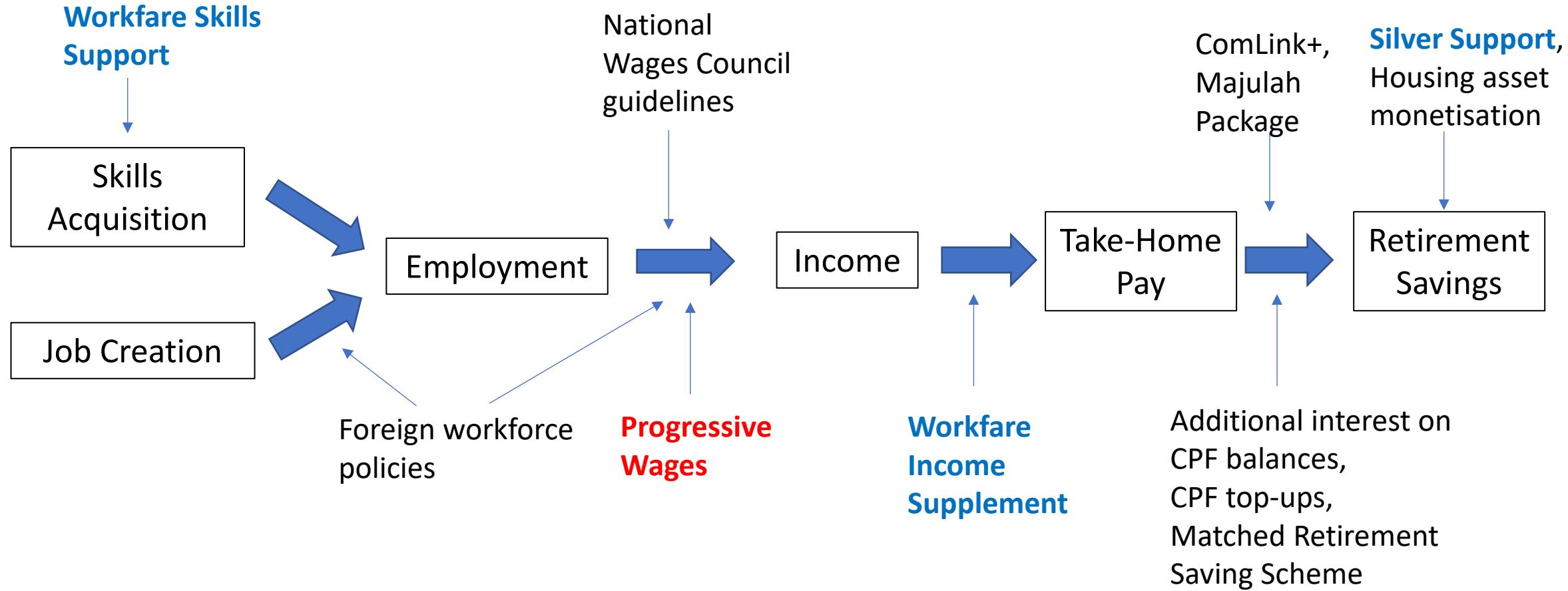
**Benefits and Taxes
per Household Member among
Citizen Households, 2020-2024**



Source: MOF estimates

Note: Income groups are based on the ranking of citizen households by household income from employment (including employer CPF contributions) per member. Benefits include transfers, subsidies and capital grants related to housing, employment & training, education, healthcare, social support, childcare, marriage & parenthood, and special transfers. Taxes include personal income tax, GST, vehicle-related taxes, property tax, foreign domestic worker levy, stamp duty, and other indirect taxes.

Interventions to Help the Lower-Income



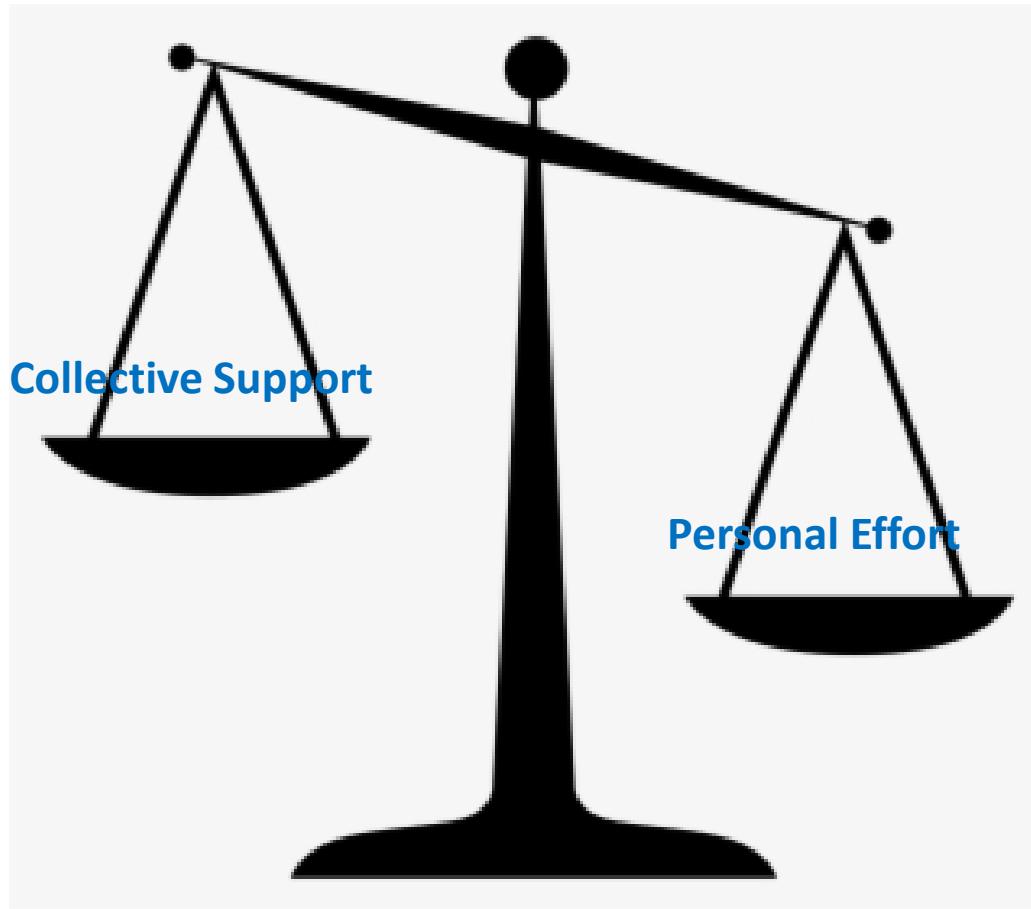
Progressive Wages

- Singapore's alternative to the minimum wage
- Defines **wage floors and ladders** for local workers **corresponding to skills, productivity and job responsibilities** in various sectors and occupations
- Wage schedules **negotiated by tripartite clusters** comprising unions, employers, industry associations and government agencies
- Initially introduced in the cleaning, security and landscaping sectors to address stagnant wages due to outsourcing practices
- Now expanded to **directly cover over 8 in 10 lower-wage workers**
- Remaining lower-wage workers supported by accreditation scheme (requirement for a firm to participate in govt procurement) and market forces

SkillsFuture Jobseeker Support

- Previously, social assistance was only provided to those out of work with little or no savings and no other means of support
- Following the recommendation of a joint union-employers' taskforce, the Govt announced it would provide **temporary income relief** for retrenched or displaced workers while they retrained for new job
- Intent is to **give them time to find a job with a good fit**, rather than be forced to take up the first job that comes their way
- SkillsFuture Jobseeker Support (announced in 2024 and launched this year) provides **up to \$6,000 over 6 months**
- To qualify, participants **must engage in job search activities** e.g. submitting job application, attending career coaching or participating in approved training programmes

From Personal Effort over Collective Support



To Personal Effort with Collective Support

