

Immigration Crucial in Baby-Scarce Singapore: Government Paper

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Channel News Asia, 24 April 2012

SINGAPORE: Singapore needs to continue attracting immigrants to slow down the decline and ageing of its citizen population, according to a paper released by the National Population and Talent Division.

By 2030, the number of elderly citizens will triple to 900,000, representing about 30 per cent of the population.

Compounding this is Singapore's low Total Fertility Rate (TFR) of 1.2, well below the replacement rate of 2.1.

In its latest report, the National Population and Talent Division sets out five scenarios: one, if the TFR goes up to the replacement rate of 2.1; two, if the TFR is at the current 1.2 and with no immigration; and the rest, with the current fertility rate but with an inflow of 15,000, 20,000 or 25,000 new citizens each year.

The scenarios are not predictions or forecasts, but illustrations of the growth and change in population that will occur if certain assumptions about future demographics trends prevail over a projected period.

Without immigration, the paper shows that citizen deaths will exceed births in 13 years. By 2025, the population will also start to age and shrink, with the median age being 45 - up from the current 39 years.

The citizen workforce will also start to shrink, with fewer working-age citizens supporting each elderly citizens.

Currently, there are 6.3 working-age citizens supporting each elderly citizen.

By 2030, this ratio will drop to 2.1 is to 1.

With more exiting the workforce, economists say the burden of taxes will fall on the smaller pool of working adult citizens.

Associate Professor Tan Khee Giap, co-director of Asia Competitiveness Institute at the Lee Kuan Yew School of Public Policy, said: "There is a trade-off here, that all Singapore citizens...must accept that if they want to be helped, to be subsidised when they are old...as less Singaporeans are now paying tax in support of the ageing population...then you must grow the economic cake. And if you want to grow the economic cake with less Singaporeans, you must accept foreign workers."

The paper points out that immigration will help slow down the decline in the pool of working-age citizens. With no immigration and at the current fertility rate, this pool will hit about 1.3 million in 2060. With 20,000 or 25,000 new citizens each year, this figure will be bumped up to about 2 million.

Immigration will also help to slow down the rate of ageing among the population. With no immigration and at the current fertility rate, the median age of citizens will be 47 in 2030. But if 20,000 or 25,000 citizenships are granted each year, the median age will go down to about 44 years of age, the same year.

Taking in 20,000 to 25,000 new citizens each year will also bump up the citizen old-age support ratio slightly from 2.1 to 2.4 working citizens for every elderly citizen, in 2030.

Singapore has been granting between 18,000 and 20,000 citizenships to foreigners over the past three to four years.

Analysts say that while new citizens need to be integrated, the bigger issue is with permanent residents (PRs), which they say may have more issues with assimilation.

Research fellow at the Institute of Policy Studies, Leong Chan-Hoong, said that the data does not provide any information regarding PRs.

He said: "The data does not provide any information regarding the influx or projected intake of permanent residents. The number of new citizens is actually quite small vis a vis the number of new PRs. So the PRs actually take up a significant component of the new migrants so it would be more helpful if we have information about what kind of projection we are looking at."

Dr Leong, though, added that the paper would be helpful as a guide for the national discourse on population policies.

"It's actually a very valuable platform for the ministry to engage Singaporeans to think about what kind of future, what kind of population landscape they want for Singapore.

"I think the other possible objective is also to make Singaporeans think harder, that if we do not have immigration, then there might be the possibility that Singaporeans will have to work longer and you will have to pay more taxes in light of the rapidly ageing population.

"So with all these different scenarios that the National Population and Talent Division has rolled out, then Singaporeans would have a more informed decision or platform to think about what sort of issues that they are more likely to encounter in the years to come."

The paper will form the basis of discussions among focus groups and the public for a White Paper to be released by the National Population and Talent Division by the end of the year.

The White Paper will set out issues important to Singaporeans and strategies for a sustainable population. This will cover areas such as housing, transport and land use. The public consultation for this is expected to start in the middle of the year.