

Budget 2021 debate: Unemployment insurance in Singapore? MPs discuss protection for those who lose their jobs

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- Three MPs call for deeper dive into possibility of unemployment insurance as government support for out-of-work Singaporeans slows
- But the MPs noted the trade-offs too, as such a scheme could cause higher jobless rates
- The issue was among many job-related topics discussed by MPs in the debate of Budget 2021
- Other topics ranged from the need to raise wages for certain sectors to suggestions for more protection of seniors, the self-employed and those in the gig economy

SINGAPORE — Three Members of Parliament (MPs) suggested on Wednesday (Feb 24) that it may be time for Singapore to consider a form of unemployment insurance to help those who lose their jobs.

The possible need for this safety net for out-of-work Singaporeans was one of several job-related topics raised on the first day of the Budget 2021 debates.

Other topics discussed ranged from fair hiring practices to the need to raise wages for certain sectors, as well as suggestions for more protection of senior workers, self-employed persons and those in the gig economy.

The unemployment insurance idea has been robustly debated in the past and ultimately not adopted by the Government, but Wednesday's debate saw MPs of various political stripes speak about whether more benefits for retrenched workers are needed amid the economic upheaval caused by Covid-19.

Nominated MP Hoon Hian Teck, who is the Singapore Management University's economics dean, said a national unemployment insurance scheme — to provide cash flow should a resident lose his job — would be needed after Jobs Support Scheme (JSS) payouts cease.

The JSS was extended by up to six months in Budget 2021 for industries hit hard by the pandemic, such as aviation and tourism, covering those in the worst-hit tiers up till September.

Given the uncertainty of the Covid-19 slump, Professor Hoon wondered if the Government would have resources to fulfil its stabilisation function in a prolonged period of economic difficulty.

Asked Prof Hoon: “How do we prevent workers and their dependants from suffering a sharp drop in consumption when fiscal stimulus is removed because the recession drags on for several years?”

“We, therefore, need to examine the costs and benefits of providing social insurance to cover the risk of unemployment. To be clear, this is not something to implement in the midst of Covid-19 but it is an option to be studied when this storm is passed.”

Mr Patrick Tay, assistant secretary-general of the National Trades Union Congress (NTUC), noted that in Budget 2021 S\$107 billion had been set aside to save jobs and businesses, providing income relief and assistance to those affected by retrenchment or severe wage cuts.

The Pioneer MP from the ruling People’s Action Party (PAP) said: “In this regard, and having gleaned from the various recessions and downturns including this current downturn, it may be timely for us to consider introducing some form of transitory insurance, commonly referred to as unemployment insurance, to help workers who lost their jobs.”

Such schemes have worked well in Germany and some of the Scandinavian countries without causing excessive burdens on governments, employers and employees, he said.

Sengkang Group Representation Constituency (GRC) MP Louis Chua from the Workers’ Party also said such insurance could provide workers with resources to relieve “near term anxieties associated with job losses, while reducing the incidence of underemployment”.

He cited an Institute of Policy Studies report on Feb 9 that found that if the Government finances a programme in unemployment insurance through debt, it would lead to an increase in intergenerational equality.

“Ultimately, we may need to think of implementing automatic stabilisers instead of discretionary, ad-hoc schemes to enhance the resilience of our workforce,” said Mr Chua, who was one of three WP MPs to speak on Wednesday.

MPs were, however, aware of the trade-offs for such a policy and there were no simple answers.

Mr Tay said a deeper dive into the question is needed — important issues such as premium amounts, payouts and the scheme’s sustainability have to be worked out.

Prof Hoon said extending unemployment insurance tends to increase the unemployment rate because workers are able to hold out longer before taking on a new job.

“On the other hand, having it enables workers and their dependants to have access to cash to finance consumption when breadwinners lose their jobs for an extended period,” said the NMP.

“Whether or not to have a national unemployment insurance scheme is not an easy question to answer because it involves trading off the benefits of providing liquidity against the costs of higher unemployment.”

OTHER SUGGESTIONS

Wednesday’s debate included a range of suggestions from MPs focused on the employment situation, especially for mature workers.

Several also spoke up about healthcare workers' income, which will be given a boost in Budget 2021.

Mr Darryl David, an Ang Mo Kio GRC MP, noted a difference in career progression between registered nurses, who have a tertiary-level educational qualification, and enrolled nurses, who are typically those possessing a Nitec in nursing from the Institute of Technical Education.

“(Registered nurses) have a clear career pathway that enables them to eventually become a nurse manager. This pathway of progression is generally different for enrolled nurses,” he said, urging the Government to consider progression ladders for enrolled nurses similar to their peers.

Ms Yeo Wan Ling, a Pasir Ris-Punggol GRC MP, advocated for more support for female caregivers, such as making available a community registry of professional caregivers in eldercare, childcare and cleaning services to relieve the pressures that they face.

However, such options for respite care and for domestic helpers may be out of reach for certain families, she said.

“Thus, it presents itself as necessary for there to be additional subsidies to help primary caregivers relieve the financial burden of seeking assistance. Respite care goes a long way in avoiding caregiver burnout while attending to their loved ones wholeheartedly,” said Ms Yeo.

Others, like Kebun Baru MP Henry Kwek and Jalan Besar GRC MP Heng Chee How, spoke up for senior workers and against ageism.

Mr Heng, who is also Senior Minister of State for Defence and NTUC deputy secretary-general, urged the Government to provide more support to seniors in distressed sectors, such as aerospace, retail and aviation, so they could keep their jobs or be retrained and placed into other jobs.

He also called for a more “pervasive adoption” of flexible work arrangements, which can improve employment outcomes for senior workers.

“We must not let the progress achieved through painful adaptation during the pandemic be wasted and allow old mindsets and prejudices to return to stymie us. Otherwise, fast-changing business models and technology will displace senior workers at ever faster speeds, leading to the negative scenarios we dread,” said Mr Heng.

Mr Kwek suggested creating more “micro jobs” for senior workers in the manner that the gig economy has for others, starting with those in social services.

He gave an example of home-based healthcare that sometimes requires two nurses to visit patients, and said the manpower needs could be halved to allow a trained senior living nearby to provide support to the nurse.

“There are many seniors living in our midst who can qualify to do such micro jobs. How do we pay for these seniors? Through a gig-economy app that the Government creates, perhaps by working with our existing gig-economy companies. How do we prepare our seniors for these micro jobs? Through SkillsFuture, of course,” he said.