

## **‘Budget 2012 a budget with a heart’**

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“It’s a budget with a heart.”

That was how Dr Gillian Koh, Senior Research Fellow at the Institute of Policy Studies at Lee Kuan Yew School of Public Policy, described Singapore’s Budget 2012 which was announced by Deputy Prime Minister and Finance Minister Tharman Shanmugaratnam on Friday.

This year’s budget saw the government addressing salient issues such as employability of seniors, healthcare, housing and foreign worker’s policy – hot button issues raised in the last general elections.

Nominated MP Eugene Tan added that the Budget’s strong social focus is a significant change from previous Budgets where the economic dimension was the focal point.

"For me, the social focus of Budget 2012 suggests that the re-calibration of our social compact is well in progress," he said.

Tan, who is also an assistant law professor at Singapore Management University added, "Another thing that stood out was the willingness to adopt multi-year spending commitments in key areas like employability of older workers. This helps ensure that those areas enjoying such commitments will see sustained funding to ensure that the political will for those areas will not be compromised."

For Tampines GRC MP Baey Yam Keng, “a responsive” government is what he saw in this year’s budget.

The core of the budget revolved around the recent debate on elderly care that struck a sore nerve with some Singaporeans in response to residents’ the protest in Woodlands and Toh Yi. for various reasons.

In this year’s budget announcement, the government pledged the following for the elderly:

- (1) raised CPF contribution rates for three groups of Singaporeans – those aged 50 to 55, 55 to 60 and 60 to 65,
- (2) provision of more studio apartments,
- (3) income tax reliefs for older taxpayers,
- (4) double the capacity in long term care services by 2020,
- (5) provision foreign workers’ levy for families who wish to hire help for the elder in the family and
- (6) subsidization home modifications up to \$2,000 to make it more elder-friendly safety functions via the Enhancement for Active Seniors Program (EASE) scheme.

Bridget Welsh, Associate Professor in Political Science at Singapore Management University, said that the focus on elderly issues is great in “both strengthening the savings for older citizens that are ageing and addressing some of those that are vulnerable.”

But she added that this area requires broader, long term thinking. “These measures seem focused on incomes rather than overall well-being of seniors, especially with regard to health care costs.”

Baey together with Tanjong Pagar MP Dr Chia Shi-Lu and Moulmein-Kallang MP Denise Phua jointly welcomed the budget for its “inclusiveness” of all community groups.

Baey expressed his approval for the transport policies which will see the provision of 800 buses in the next five year that will ease congestion time.

He also praised the inclusion of aid provided to disabled people through every stage of their life.

But he added that there were some groups of people who may be left behind. While acknowledging that no policy can encompass the entire community, Baey said that “hopefully, this will one day also extend to other segments of society like single mothers and dysfunctional families.”

On the thread of employment, Baey spoke on the policy of the reduction of dependency ratio on foreign workers. “I know some SMEs will find it tough with the new policies, so hopefully with the slower growth and demand ahead, this will buy more time for them.”

For healthcare, the government is doubling its yearly budget from \$4 billion to \$8 billion, a move that Dr Chia welcomed. “I was very heartened by the broad ranging measures to support healthcare, particularly for the elderly. The raising of the MediShield age limit, strengthening of MediSave and MediFund provisions, and particularly the boost for community care- GST absorption for long term care and long term care subsidies.”

He also lauded the taxes on tobacco products as well.

Phua highlighted another new introduction – the permanent GST voucher which she said “provides assurance to those concerned with the widening income gap. The inclusion of those living in private homes in the cash and Medisave components also addresses the challenges faced by some of these families.”

She also said that one significant policy in this budget is the Special Employment Credit as “it is the first-ever direct incentive to employ the disabled; it is also double (16 per cent) that extended to the elderly workforce.”

“The onus is now for the special-needs sector to provide the pipeline of workers who are trained and able to work.”

However, for the Singapore Democratic Party (SDP), the budget hardly sufficed.

Party treasurer Vincent Wijesingha said that this year’s budget hardly spoke on anything new on the topic of the foreign workers.

“In calling for the foreign-workers levy to be used to boost productivity levels, he [DPM and Finance Minister Shanmugaratnam] is in effect repeating the Budget he presented in 2010 which called for a gradual increase in the levy to reduce our dependence on foreign labour,” said Wijesingha.

He added, “The real question is: If the Finance Minister said in 2010 that we would increase the foreign-workers levy to reduce our over-reliance on foreign labour and government did the exact opposite the following year, how do we know that the policy would be adhered to this time? This is especially significant in light of PM Lee saying that we would need to raise the number of foreigners coming in to Singapore with a weakening economy.”

“How does one trust a government that says one thing and then does the exact opposite?”

Welsh too had her concerns, saying that “it is not clear how these measures fit within a broader framework for the transformations needed in the economy and in the society. Missing is a focus on human capital of Singaporeans and the context to make these economic measures truly transformative and impactful.”

Highlighting the upcoming challenge Singaporeans are set to face in the “duration of transition”, Baey urged Singaporeans moving forward to be “patient” due to expected slower economic growth in the next few years.

***Additional reporting by Melissa Aw***