



OUR POPULATION OUR FUTURE



ISSUES PAPER
JULY 2012

NATIONAL POPULATION AND TALENT DIVISION
PRIME MINISTER'S OFFICE

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PREFACE

Singapore has a good foundation on which we can build our future – a strong and cohesive society, a vibrant economy with good opportunities for our people, and a place where we continue to enjoy a good quality living environment. However, we will soon face the challenges of an ageing and declining citizen population, as our birth rates have been falling, and have been below replacement level for the last 3 decades. We need to examine the serious consequences of this trend, and policies and programmes to address the consequences, so that we can build a sustainable and bright future for Singapore.

We need to consider our policies to encourage marriage and raising a family. We also need to review the number of new immigrants we take in and the composition of our transient non-resident workforce to meet our needs.

The National Population and Talent Division (NPTD) is comprehensively examining Singapore's population policies, with a view to releasing a policy paper towards the end of the year. As we do so, we would like to engage the public to ensure that all views, aspirations and concerns are considered.

The objectives of this Issues Paper are:

- (i) to set out our demographic challenges to understand the choices and trade-offs we must make as a nation; and
- (ii) to seek ideas and views from the public that will help us formulate our population policies.

Our goal is to build a sustainable population that strengthens our social cohesion, provides a good living environment for our people, and maintains our economic vitality.

Please submit your views and suggestions online at www.population.sg. Alternatively, you can do so through the following channels:

Email: nptd_contact@nptd.gov.sg

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We hope to hear from you by 31 Oct 2012 in order to take these views into consideration as we prepare our policy paper.

We wish to highlight that your views and suggestions may be made public.

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CHAPTER 1
INTRODUCTION

Building a Good Future for Singaporeans

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Building a Good Future for Singaporeans

Our citizen population has reached a turning point this year as our first cohort of Baby Boomers turn 65. At current birth rates and with no immigration, the number of Singapore Citizens (SCs) aged 65 and above will triple to 900,000 by 2030. There will be a smaller base of working-age citizens as our citizen population and workforce will age and decline. This is a significant demographic challenge facing Singapore which will soon be upon us. We need to take action early to address these issues.

In the last few decades, Singapore has developed into a global city and economic hub. Like other major global cities, Singapore is a place where people want to come to live and work. We have diverse education and job opportunities, a good quality of life, rising real wages and a safe environment for families. These have benefitted Singaporeans, and are what draw others to Singapore.

Our intake of new citizens increased from an average of 8,200 per year between 1987 and 2006, to about 18,500 per year in the last 5 years. We also took in an average of 58,000 Permanent Residents (PRs) per year between 2004 and 2008, but have tightened our immigration framework since late-2009 and reduced the intake to an average of 28,500 per year from 2010 onwards.

The number of foreigners who have come to Singapore to work has also grown, in response to our social and economic needs.

However, there are concerns arising from the fast pace of population growth. We are experiencing congestion on our transport systems and a tight housing market. The development of supporting infrastructure did not keep pace with population growth.

There have also been pockets of friction between Singaporeans and some foreigners and new immigrants, partly arising from cultural differences. Some Singaporeans are also anxious about the pace of change in our society. They are concerned about the weakening of our social cohesion that we have worked hard over the years to build.

Some wonder if we have resorted to the easier solution of taking in immigrants rather than trying to improve our own birth rates. Others are worried that Singaporeans may be disadvantaged because foreigners may compete for jobs, suppress wages, and affect the standards of living for some segments of our population.

Recognising these concerns, the Government has tightened our immigration framework and put in place more stringent foreign workforce controls to reduce the inflow of foreigners into Singapore. Raising birth rates



remains a key priority in addressing our population challenges. Infrastructure development has also been stepped up, but these will take time to come on-stream.

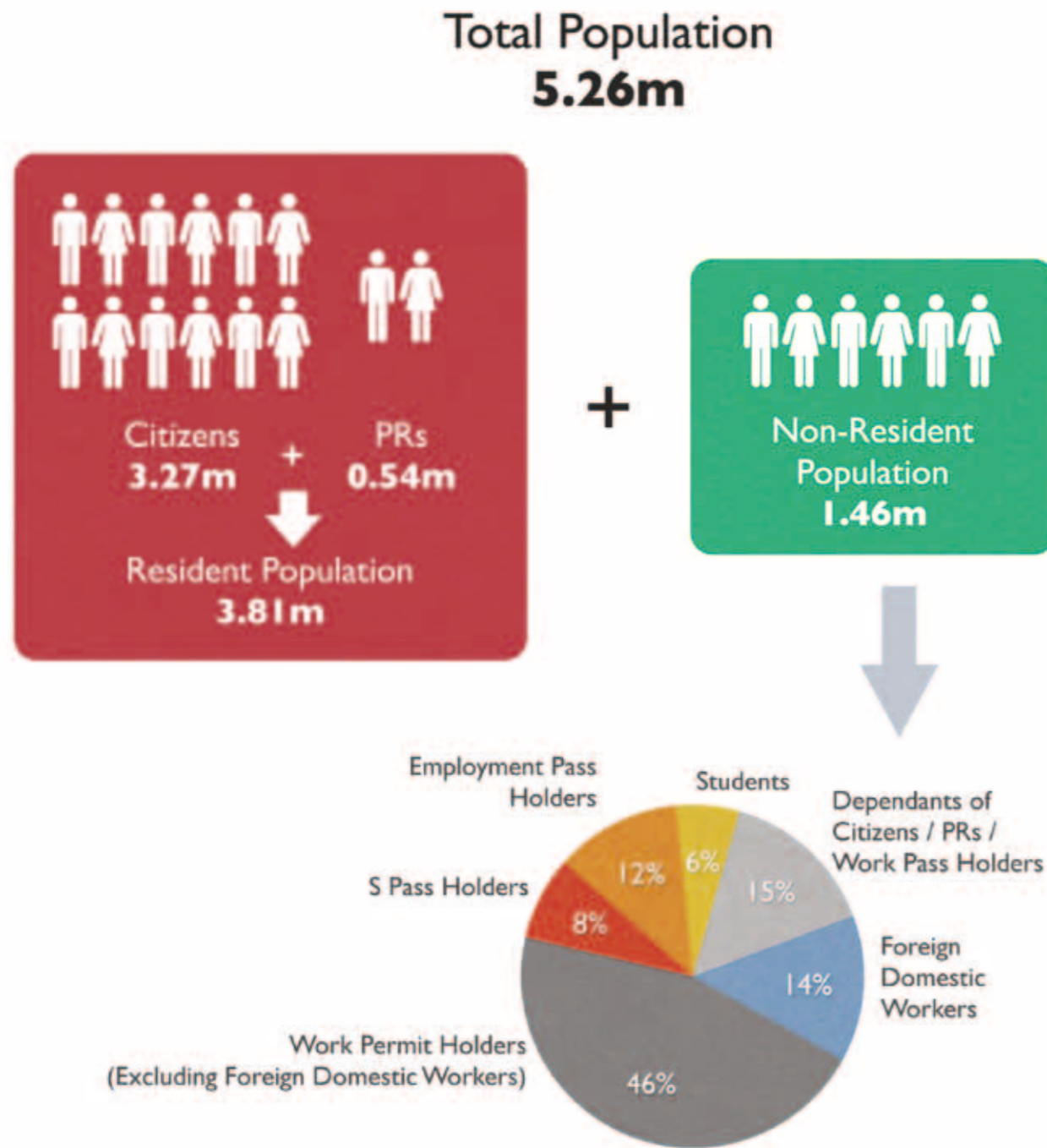
The issues we have to deal with are closely inter-related and complex, with long-term implications for Singapore and far reaching effects for Singaporeans. As we address the challenges of a declining and ageing citizen population and workforce, we also have to maintain a strong and cohesive society. At the same time, we need to ensure steady economic growth and

the creation of good jobs, and a good quality of life. We will need to continually fine-tune our population policies and strategies, taking into account social and economic circumstances and needs.

Ultimately, our aim is to achieve a sustainable population that is strong and cohesive, living in a good quality environment and with a vibrant economy – a Singapore which is home for Singaporeans young and old, where we will want to raise our families and build our future.

COMPOSITION OF SINGAPORE'S TOTAL POPULATION

As at December 2011, we had 3.27 million Singapore Citizens (SCs), and 0.54 million Permanent Residents (PRs). Together, they made up the resident population of 3.81 million. We also had a non-resident population of 1.46 million who are working, studying or living in Singapore on a non-permanent basis. Singapore's total population was 5.26 million.



Source: Department of Statistics, Ministry of Manpower
[Note: Numbers do not add up due to rounding]



IMMIGRANTS

Immigrants are individuals who are granted PR or SC and are counted as part of our resident population.

Each PR and SC application is evaluated holistically on a set of criteria which includes the individual's family ties to Singaporeans, economic contributions, qualifications, age and family profile to assess the applicant's ability to contribute to Singapore and integrate into society, and his/her commitment to sinking roots¹.

From 2007-2011, 48% of PRs were granted to working individuals, and the remaining were dependants

(spouses and children) of SCs and PRs. 63% of all PRs granted were under 30 years old, and they help to mitigate our ageing population. Most new PRs also have good educational qualifications. Of those aged 20 and above, 74% had a diploma or higher qualification.

From 2007-2011, 38% of new SCs were granted to working individuals, while 62% were dependants. Like new PRs, new SCs are generally young and have good educational qualifications. 53% of new SCs were under 30 years old, and of those over 20 years old, 61% had a diploma or higher qualification.

¹ Details of our immigration framework are at Annex A.



FOREIGNERS

Our non-resident population is made up of foreigners who are in Singapore on a non-permanent basis. They are a diverse group.

21% of our non-resident population are family members of our residents or employment pass holders, and international students. Family members hold either dependant's or long-term visit passes.

There is also an increasing number of international marriages in Singapore—about 40% of citizen marriages in recent years were to non-citizen spouses. Foreigners married to Singaporeans are usually issued with a

long-term visit pass, and many eventually naturalise as PRs and SCs. As the number of international marriages rises, we can expect more foreign-born spouses in our population.


14% of the non-resident population are foreign domestic workers (FDWs). They live in our homes, and do not require additional provision for housing or transportation during the workday. By helping with the housework, or looking after children or the elderly, they allow more Singaporeans, especially women, to be in the workforce.

The remaining 66% of our non-resident population are in the workforce and hold work passes²:

- 46% of the non-resident population are lower-/semi-skilled workers on Work Permits. They are mainly in sectors which face difficulties hiring Singaporean workers (e.g. construction and marine sectors).
- 8% of the non-resident population are mid-level skilled foreigners (e.g. technicians), who supplement our local workforce. They are typically S Pass holders who support the economic and social needs of Singaporeans. They work in sectors such as retail, food and beverage, manufacturing (e.g. electronics) and healthcare services (e.g. as nurses or allied healthcare workers), as well as in our social services and voluntary welfare sectors where they care for our aged and disabled.

- The remaining 12% of the non-resident population are higher-skilled foreigners such as professionals, managers, executives and specialists who hold Employment Passes (EP). These higher-skilled foreigners enhance the competitiveness of Singapore-based companies by complementing our limited Singaporean workforce or by providing skills and expertise that we do not yet possess, and by helping our companies expand into regional and international markets. This helps Singapore attract global investments and build strong Singapore-based companies to compete internationally, which in turn generates diverse opportunities and creates good jobs for Singaporeans. Sectors that have benefitted from the capabilities brought in by foreigners include financial services, aerospace engineering, and research and development.

² Details of our foreign work pass framework are at Annex B.



CHAPTER 2 **OUR DEMOGRAPHIC CHALLENGES AND WHAT THESE MEAN TO US**

*Low Local Birth Rates and Longer Life Expectancies
A Shrinking and Ageing Population and Workforce*

CHAPTER 2

OUR DEMOGRAPHIC CHALLENGES AND WHAT THESE MEAN TO US



Low Local Birth Rates and Longer Life Expectancies

As our post-war Baby Boomers turn 65 years old from 2012 onwards, Singapore will experience an unprecedented age shift. Over 900,000 Baby Boomers, more than a quarter of the current citizen population, will retire from the workforce and enter their silver years. At current birth rates and without immigration, the median age of our citizens will rise to 47 in 2030 from 39 in 2011.

As is the case in other developed East Asian urbanised societies like Japan, Taiwan and Hong Kong, our declining birth rates are due to rising singlehood, later marriages, and married couples having fewer

children. Broader social and economic factors also affect marriage and parenthood decisions. For example, the expansion of higher education opportunities while welcome, has also delayed entry into the workforce and family formation.

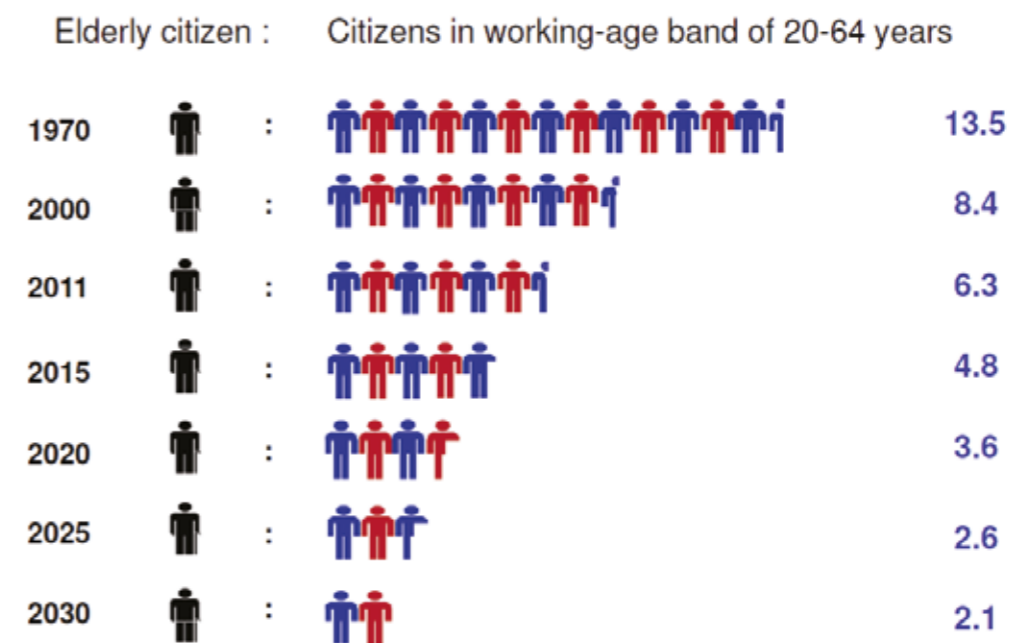
Singapore's life expectancy has increased by 10 years over the last 3 decades: from 72 years in 1980 to 82 years in 2010. Our life expectancy is one of the highest in the world. With increasing life expectancy and low birth rates, we face the prospect of a shrinking and ageing citizen population and workforce.

A Shrinking and Ageing Population and Workforce

At current birth rates and without immigration, our citizen population will begin to shrink around 2025³. The number of elderly citizens will triple to 900,000 by 2030, and they will be supported by a smaller base of working-age citizens. There are currently about 6.3

citizens in the working-ages of 20 to 64 years, for each citizen aged 65 and above. By 2030, there will only be 2.1 working-age citizens for each citizen aged 65 and above. (See Chart 1).

Chart 1: Declining Old-Age Support Ratio



Source: Department of Statistics

³ Ref: NPTD Occasional Paper on Citizen Population Scenarios available at www.population.sg.

As more citizens retire and with fewer entering the working-age band, the number of working-age citizens will start to shrink by around 2020.

We will feel the impact of this in many ways. We will see a reversal of what is the typical family structure. Today, we generally have a few elderly members of the family with a larger number in the younger generations. By 2030, this family structure is likely to reverse itself with more elderly members than younger ones, as we live longer and each successive generation becomes smaller.

For society as a whole, a declining old-age support ratio points towards an increasing tax and economic

burden on our working-age population. A shrinking and ageing population could also mean a less vibrant and innovative economy. There will be a shrinking customer base in Singapore, and companies may not be able to find adequate manpower. Multinational companies may therefore choose not to set up operations in Singapore, and Singapore-based businesses may down-size, close down or relocate. As a result, we could see slower business activity and fewer career options that will match the higher aspirations of Singaporeans. With an increasingly educated and mobile population, more of our young people could choose to leave for other exciting global cities, hollowing out our population and workforce, and worsening our old-age support ratio.

FISCAL IMPLICATIONS OF AN AGEING POPULATION

While many of our elderly have accumulated assets, for example owning their homes, or have CPF savings which are now available as a life annuity, there are still significant concerns over retirement income adequacy and healthcare costs.

An ageing population coupled with increased longevity will lead to higher national healthcare and long-term care expenditure for the elderly. Even at current rates of subsidy, the national expenditure on healthcare will rise, given that there will be 3 times the number of citizens aged 65 and above by 2030. With fewer children to support parents and grandparents, and increasing

numbers of elderly living alone, more paid help such as domestic workers, home-based caregivers and nurses will also be needed.

Government revenue comes mostly from income taxes, consumption taxes and asset taxes, all of which are dependent on economic growth. A shrinking and ageing population and workforce will make it more difficult to sustain public finances, especially when this is coupled with increasing needs for higher expenditure to support a much larger elderly population. We may need to cut expenditure in some areas, or find new sources of revenue to balance our budget.





CHAPTER 3 **A SUSTAINABLE POPULATION VISION**

A Strong and Cohesive Society

A Good Quality Living Environment

A Sustainable and Vibrant Economy

CHAPTER 3

A SUSTAINABLE POPULATION VISION

A sustainable population should be one that creates a better future for Singapore and Singaporeans. We can look at it from three important aspects:

- A. A Strong and Cohesive Society
- B. A Good Quality Living Environment
- C. A Sustainable And Vibrant Economy

A Strong and Cohesive Society

Growing Strong Singaporean Families

Strong families are the bedrock of our society. Creating a supportive environment for Singaporeans to form families and raise children is a key priority in addressing the population challenge. The Government encourages marriage and parenthood, through measures such as subsidised public housing, financial support for children's development, enhancing the accessibility, affordability and quality of pre-school services, and facilitating work-life balance. The Marriage and Parenthood Package was introduced in 2001, and last enhanced in 2008 to a budget of \$1.6 billion a year. Since 2001, the families of some 350,000 children have benefitted; close to 300,000 children have received the Baby Bonus cash gift, and over 200,000 children have received Government co-matching deposits in their Child Development Account⁴. Almost 100,000 parents take at least 3 days of child care leave each year, and as at December 2011, about 60,000 children were receiving infant/child care subsidies. The Social Development Network also reaches out to 100,000 singles each year to provide them with more social interaction opportunities⁵.



⁴ Prior to 2004, the CDA was only applicable to second and third order births. The measure was progressively extended to fourth order births in 2004, and to all births in 2008. Parents have up to 6 years to open the CDA account from the time of the child's birth.

⁵ A summary of the Marriage and Parenthood measures can be found at Annex C. NPTD's Occasional Paper on Marriage and Parenthood Trends in Singapore is at www.population.sg.

A middle-income citizen household in the 25-40 age group with two children can enjoy \$20,000 in baby bonus cash and co-savings, \$53,000 in infant care and child care subsidies, and \$10,000 in tax savings until the younger child turns 7. To facilitate work-life balance, mothers enjoy 4 months of paid maternity leave per child and each parent has 6 days of paid child care leave per year until their younger child reaches the age of 7. Taken together, working parents in such a household can enjoy the equivalent of about \$142,000 in benefits until the younger child turns 7. Companies can also tap on the Work-Life Works (WoW!) Fund to promote flexible work arrangements⁶.

Immigration Helps to Supplement Shortfall in Births

Raising the birth rate of Singaporeans remains the key priority in addressing our population challenges. Any increase in Singaporean birth rates is welcome. However, getting married and having children are ultimately personal decisions.

The experience of other urbanised and developed East Asian societies suggests that it will be a challenge for our birth rates to reach replacement level. Immigration can help to supplement our population, and delay the decline in our citizen population.

Since our early days as a British trading port, Singapore has been an immigrant society, open to people of different cultures and religions. Since independence,

However, beyond Government's efforts, society at large also has a role to play in supporting individuals in their aspirations to set up families, for example, through positive employment practices and work cultures. The Government continues to work with partners such as employers and the people sector to strengthen the pro-family environment in Singapore and support Singaporeans in pursuing their life goals of marriage and parenthood.

we have worked hard to build a nation founded on shared values - opportunities for all, regardless of race, language or religion; respect for hard work; harmony in diversity; and the pursuit of peace and progress.

We recognise that new immigrants take time to integrate into society, and taking in too many too quickly could weaken the cohesiveness of our society. We have already taken concrete steps to manage the flow of immigrants. We maintain strict immigration criteria to ensure that we take in new immigrants who are more likely to fit in here, and adapt to our customs and culture. They should be willing to sink roots and grow their families here, and contribute to society and the economy.

⁶ The Work Life Works! (WoW!) Life fund was introduced in 2004 to encourage employers to introduce work-life strategies in the workplace. It is a one-time grant which helps to defray costs incurred by organisations while introducing work-life measures.

Building a Cohesive Community

The Government is exploring more ways to bring for Singaporeans and newcomers to interact, build the people, public and private sectors together to friendships, and better appreciate Singapore's multi-focus on integration. This will help provide platforms racial, multi-religious society⁷.

FOR VIEWS AND SUGGESTIONS

Getting Married and Having Children:

- How can we support Singaporeans who wish to marry earlier and have more children?
- What more can we as a country and people do to promote marriage and parenthood, and foster a supportive environment for family life?

Immigration:

- Is it important to prevent our citizen population from declining? If so, why is it important? If not, why not?
- The Government has reduced the inflow of immigrants significantly since 2009. Should we reduce the inflow further even if it means that our citizen population will age and shrink, and foreign spouses and dependants of Singaporeans may find it more difficult to become PRs or SCs?

Integration is a Collective Journey:

- How can we improve interactions and strengthen cohesion between Singaporeans and new immigrants?
- How can we enhance mutual understanding of, and respect for, one another's cultures and customs?

⁷Details of ongoing National Integration Council efforts are at Annex D.

A Good Quality Living Environment A Global City, an Endearing Home

Singapore is both a global city and a nation state. We want Singapore to be an endearing home for all Singaporeans, young and old. It must be a vibrant city with the energy, good quality jobs and lifestyle options that excite Singaporeans. At the same time, Singapore must be a home conducive for raising families and a place we can spend our silver years in comfort.

Our citizens aspire towards a better quality of life, with more opportunities and space to pursue different interests, appreciate sports, culture and the arts, and preserve our environment and heritage. These

aspirations are taken into account in our economic and social policies, as well as in our infrastructure plans.

While Singapore's population density is not as high as other global cities like New York City, we are aware that increased density could affect liveability if not managed well. Population growth in recent years has outpaced infrastructure capacity, and the Government is ramping up infrastructure development to improve the situation. We must plan ahead carefully and build our infrastructure in a timely manner, so as to maintain a high quality living environment.



Plans to Provide A Good Quality Living Environment for Singaporeans

The Government has put in extensive efforts to meet the demand for housing, transport and public services. Significant infrastructure developments, which will be ready in the next 5-10 years, include:

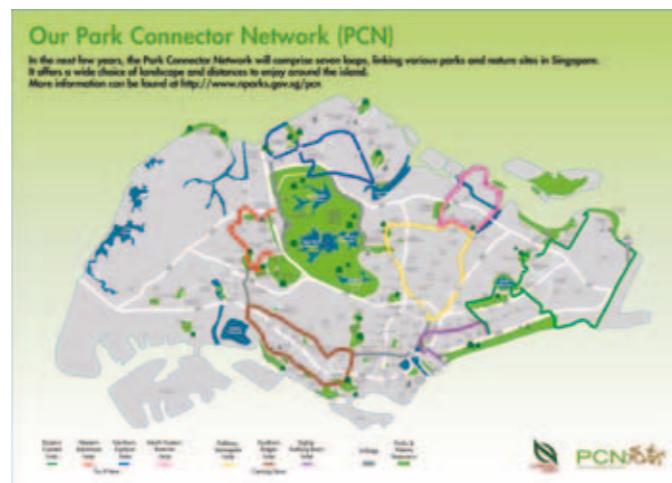
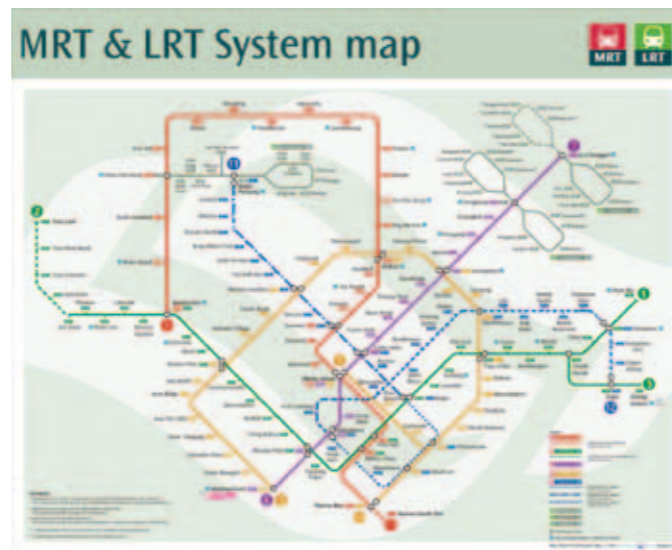
Transport: Our rail network will be doubled from 138km in 2008 to 280km over the next 10 years. One

new segment of the MRT network will open every year from now till 2017. The current MRT system is being upgraded so that trains can run more frequently. With the expansion of our rail network, over 400,000 housing units around the island will be within 400m of a Rapid Transit System station, more than double that today, so more Singaporeans will have convenient access to

public transport. Apart from rail, over 800 new buses will be rolled out over the next 5 years, which will raise the current bus capacity by 20%.

Housing: We are remaking our heartlands to provide a good quality living environment for all. HDB has also ramped up its building programme over the last few years, with another 25,000 HDB flats to be launched in 2012. The supply of Executive Condominiums and private housing sites has also been expanded.

Health Facilities: We will build more nursing homes and hospitals. The new Ng Teng Fong Hospital, as well as the Integrated Building for Changi General Hospital and St Andrew's Community Hospital, are slated to open in 2014, while the completion of the Sengkang General Hospital has been brought forward by 2 years from 2020 to 2018. Two new community hospitals in Jurong and Yishun, to be co-located with the new Ng Teng Fong Hospital and Khoo Teck Puat Hospital respectively, are slated to open by 2015. A third community hospital to be co-located with Sengkang General Hospital is slated to be completed by 2018. At the same time, we are adopting the "Naturally Occurring Retirement Community" approach which integrates and brings



services and facilities to seniors so that they can live in familiar community surroundings among family and friends. We will improve the provision of community eldercare facilities such as integrated day facilities and seniors activity centres.

Social and Recreational Spaces: Singapore will be a 'City in a Garden' with attractive parks and recreational spaces. Our built-up environment will be greened with rooftop gardens and skysrise greenery. Parks will be easily accessible, with most homes within 400m of a park. There will be an extensive network of green corridors such as the 150km Round Island Route to link parks, nature reserves and other recreational nodes. Our Sports Hub at Kallang will also be completed by 2014.

Beyond meeting immediate needs, we will continue to expand our infrastructure capacity and amenities for the long-term while ensuring a good quality living environment for our people.

We need to make better use of land. Less productive and low-intensity uses may have to be phased out to give way to other essential needs like housing and industry. We will look at opportunities to co-locate or integrate uses. While rejuvenation may result in physical landscape changes, it can also increase accessibility to amenities and facilities, and create more opportunities for interaction and bonding within the community.

The quality of our living environment goes beyond physical spaces. Singaporeans also benefit from having a greater variety of retail, food and beverage, and entertainment options, as well as a more vibrant cultural scene. Economic and cultural diversity will help deepen Singapore's vibrancy as a cosmopolitan global city.

With creative planning and innovative design, we can make the best use of our limited land. This will help us to balance our many land-use needs, to ensure that Singapore remains a vibrant global city and an endearing home with a high quality living environment.



FOR VIEWS AND SUGGESTIONS

A Home for Singaporeans, A Global City:

- What makes Singapore special as a home and how can we make Singapore a place where both we and our children want to live in the future?
- How can we optimise our land use while ensuring a good living environment?
- What else can we do to improve the current infrastructure shortfall?

A Sustainable and Vibrant Economy

Creating Good Jobs and Opportunities for Singaporeans



Asia will develop rapidly in the coming decades, bringing both opportunities and competition for Singapore. A network of globally connected cities which are hubs of knowledge, innovation and enterprise, will increasingly shape and drive the global economy. Singapore can be one of those cities.

Against this backdrop, our key economic challenge is to develop a sustainable and vibrant economy, so that Singapore can continue to be a city of opportunities, where our people can achieve their aspirations and enjoy a good quality of life.

To grow and create good jobs with good wage growth for Singaporeans, Singapore must continue to be the preferred location for companies to tap into Asia's growth. It must be a hub where businesses and investors see attractive long-term future prospects. Attracting global businesses here helps to develop new industries, and opens up a range of good jobs for our increasingly better educated Singaporeans to pursue their aspirations. A good mix of global and local

businesses, contributes to the dynamism, diversification and resilience of our economy.

Access to qualified manpower will increasingly determine where businesses locate their high-value operations. Without qualified manpower, companies could choose other locations, scale down their operations here or relocate. If we lose some existing economic clusters, or fail to attract new ones in key growth sectors, Singapore's economy could slow down sharply or decline. Good jobs may go elsewhere and wages are likely to stagnate.

A shrinking and ageing citizen workforce affects our ability to seize growth opportunities. A multi-pronged approach is thus required to sustain the economic vibrancy necessary to generate good employment opportunities for Singaporeans. Strategies include helping businesses to restructure and workers to upskill to improve productivity, encouraging more economically inactive citizens to enter the workforce, and supplementing the resident workforce with foreign manpower.

Restructuring Our Businesses and Retraining Our Resident Workforce

Productivity improvements are necessary to sustain economic and real wage growth, as our workforce growth slows. The Government has launched various programmes, and worked with companies and unions to help companies restructure and improve their productivity. For example, the enhanced Productivity and Innovation Credit (PIC) Scheme provides tax benefits to

businesses which invest in productivity improvements and training for their workers. Enhanced and targeted assistance is provided to more vulnerable groups, including older and low-wage workers. Recognising the importance of continuing education and training (CET), the Government has committed in 2010 to invest \$2.5 billion in CET over the next five years.

Encouraging More Women and Older Workers to Enter and Stay in the Workforce

While Singapore has a high resident labour force participation rate of 66%, there is room to increase this further. We can do more to help potential entrants join the workforce and remain economically active.

This includes providing flexible working arrangements for those with care-giving responsibilities but would like to work, and for older persons who prefer shorter and more flexible hours.

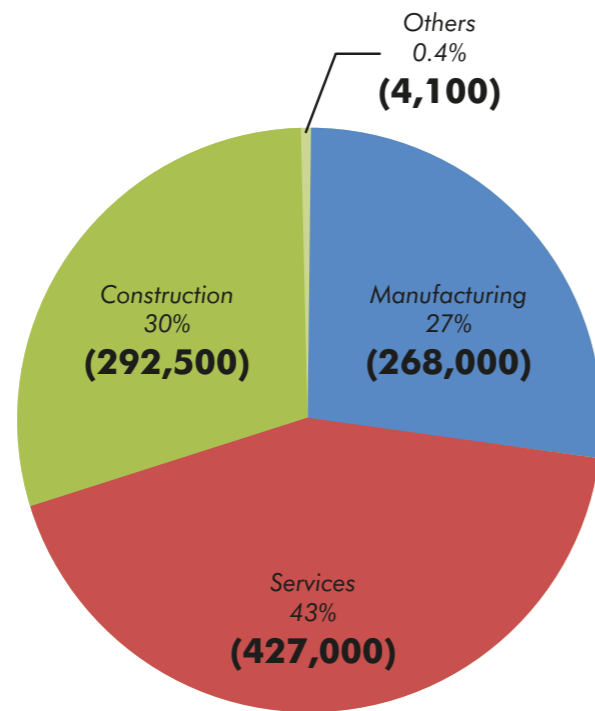
Complementing our Resident Workforce with Foreign Workers

Even with productivity growth and higher labour force participation, Singapore's growth potential will fall as our citizen workforce ages and shrinks. Other countries' experiences indicate that productivity and innovation are

likely to be dampened by an ageing workforce. A good mix of a resident workforce supplemented with foreign workers can help to maintain our growth potential at a healthy level, and provide greater economic resilience.



Chart 2: Composition of Foreign Manpower (Excluding Foreign Domestic Workers) by Sectors



Share of Foreign Workers in Various Sectors of Economy (Excluding Foreign Domestic Workers) (Dec 2011)

*Note: The figures in brackets are the absolute numbers of foreign workers in the sectors.

Source: Ministry of Manpower

Foreign workers can be found in different sectors of the economy (See Chart 2). They benefit Singapore in several ways.

First, access to high-skilled foreign workers facilitates economic upgrading and restructuring by helping to anchor new industries in Singapore, and complement Singaporean workers. For example, a flexible approach towards foreign manpower allows the electronics sector to match production levels to the highly volatile electronics cycle. This ensures that the cluster continues to operate in Singapore. Moving up the value chain requires us to grow new economic sectors which often require new specialised knowledge or skills. For example, new industries that have grown in Singapore and created good jobs for Singaporeans include aerospace engineering, biomedical engineering and

interactive and digital media. Attracting new economic sectors will create more diversified job opportunities for our increasingly well-educated and skilled Singaporeans over the longer term. Without a suitable inflow of skilled foreign workers, growing new sectors may become more difficult.

Second, foreign workers provide businesses the flexibility to respond to fluctuations in economic conditions, and to seize growth opportunities when they emerge. Anchoring investment opportunities in Singapore as they arise ensures that more jobs are created overall for Singaporeans over the long-term, while cushioning them from unemployment during downturns. For example, during the 2002-2003 economic recession, our foreign workforce shrank while resident employment continued to grow⁸.

⁸ Ref: http://www.mom.gov.sg/Publications/mrsd_qtlmr114.pdf

Third, foreign workers complement the resident workforce in certain sectors, such as the construction and marine sectors, by taking on lower-skilled jobs that support higher-tier professional jobs held by Singaporeans. For example, foreign workers in our shipyards complement local engineering capabilities to sustain our robust marine sector.

Finally, we have to improve the profile and quality of our foreign workforce to support companies in adopting higher value and more productive business models. Nonetheless, we have to do so gradually to allow companies and consumers time to adjust, as the trade-off in constraining labour supply will be higher costs.

While foreign workers supplement our resident workforce and contribute to our economy, they do not add to our elderly population. This is because they return to their home countries after their term of employment ends. They also do not draw on Government subsidies⁹ designed for residents.

Foreign workers also help to improve our old-age support ratio. They broaden our tax base, even as

our citizen working population shrinks. With current birth rates and no immigration, there will only be 2.1 working-age citizen adults (aged 20-64) to each elderly citizen in 2030. Supplemented by PRs and with the foreign workforce continuing to make up about 1/3 of our total workforce, the old-age support ratio in our total population will improve to about 4. This is comparable to the old-age support ratio of many developed countries today (See Table 1).

However, we recognise that we cannot grow our foreigner population indefinitely, and we have to calibrate the inflow of foreigners into our workforce to support a shift to a higher value, more productive economy. The Government has progressively tightened access to foreign manpower across all skills levels¹⁰. These measures include higher levies, lower Dependency Ratio Ceilings, and higher income and education criteria for our foreign workforce. Some of the measures will be phased in over time to allow businesses to restructure and adapt. As we calibrate the inflows of foreign workers, we also have to consider how this will impact the need to grow the economy, and create good jobs to meet the needs and aspirations of Singaporeans.

Table 1: International Comparison of Old-Age Support Ratio

Country	Old-Age Support Ratio
United States of America	4.6
United Kingdom	3.6
Sweden	3.2
Germany	3.0

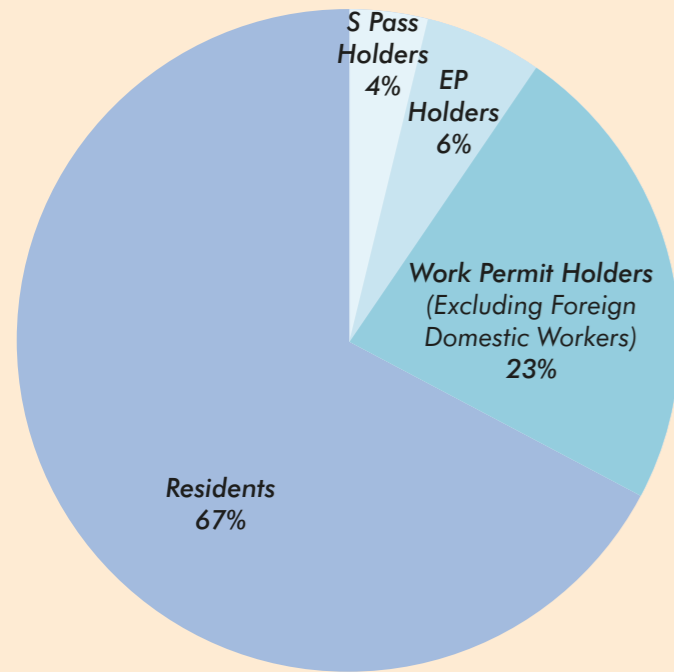
Source: United Nations, World Population Prospects: The 2010 Revision

⁸ Ref: http://www.mom.gov.sg/Publications/mrsd_qtlmr114.pdf

⁹ A list of citizen, permanent resident and non-resident benefits can be found at www.population.sg.

¹⁰ Details of the tightened foreign manpower policies are at Annex B.

COMPOSITION OF SINGAPORE'S TOTAL WORKFORCE



Total Workforce (Dec 2011): 3.02 million
Source: Ministry of Manpower

As at December 2011, our total workforce was 3.02 million, excluding foreign domestic workers. Residents (i.e. SCs and PRs) formed the majority of the workforce at 67%, with foreign workers making up the remaining 33%.

More than half of the resident workforce were professionals, managers, executives and technicians (PMETs).

Low to Semi-Skilled Workforce

Foreigners make up 43% of the non-PMET workforce comprising low to semi-skilled workers. Access to such workers in key sectors has helped to keep business costs lower. This helps our companies remain competitive on global markets, while also helping companies to supply many of our domestic needs at lower prices. Many local small and medium enterprises (SMEs) in a wide variety of sectors also depend on access to foreign workers to fill job vacancies. Productivity enhancements can reduce, but not completely eliminate, the need for foreign workers in such sectors. Costs may rise and service levels may suffer if there is a shortage of workers.

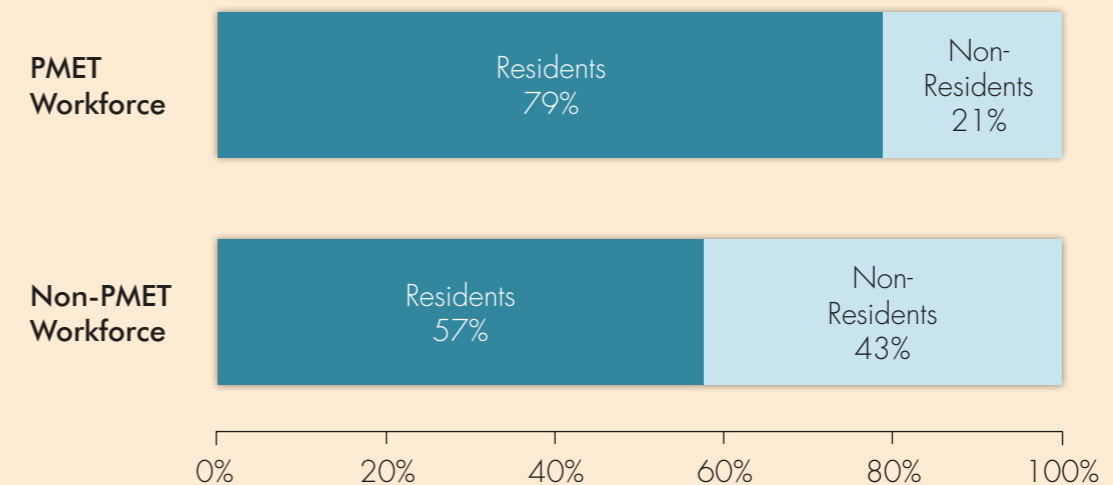
There are concerns that foreign labour may have depressed the incomes of Singaporean workers employed in some sectors like cleaning. We can look at how to reduce reliance on foreign workers in sectors where Singaporeans also participate actively, through job redesign for example, and implement measures to improve the welfare, skills and wages of our low-wage workers as part of an inclusive society.



Mid to Higher-skilled Workforce

Foreigners make up 21% of our PMET workforce comprising mid to higher-skilled workers. They complement Singaporean workers by bringing skills that help to create and sustain new industries for the increasingly well-educated and skilled Singaporeans. However, there are concerns that the presence of skilled foreign workers has added to job competition in some

sectors and Singaporeans are not able to get the best jobs as a result. Tighter restrictions on skilled foreigners could ease job competition, but we will need to strike a careful balance. Overly restrictive foreign manpower policies could make it difficult for businesses to operate here, which could impact the livelihoods and jobs of Singaporeans if companies choose to go elsewhere.



Source: NPTD's estimates using data from Ministry of Manpower; Non-resident PMETs comprise EP and S pass holders.

FOR VIEWS AND SUGGESTIONS

Creating Opportunities for Singaporeans

- What kind of opportunities and career options do you wish for yourself and your children in Singapore? How do we create such opportunities for them?
- How do we encourage employers to provide more good jobs for Singaporeans and build up a sustainable Singaporean core?

Raising Productivity and Improving our Labour Force Participation are Long-Term Challenges:

- How can we encourage more Singaporeans to join the workforce? Which industry sectors or job areas do you think more Singaporeans can be encouraged to work in?
- How can we better prepare Singaporeans for lifelong employability?

Meeting our Social and Economic Needs

- In which sector(s) could there be a need for foreign workers to maintain service levels at reasonable cost?
- If there is a need to tighten our foreigner inflow further, which groups or sectors should we tighten (e.g. construction workers, foreign domestic workers (maids), low to mid-skilled foreign workers, professionals, international students, dependants, foreign spouses of Singaporeans)?

ANNEX A IMMIGRATION FRAMEWORK

Applications for permanent residence (PR) and Singapore citizenship (SC) are assessed through a holistic framework, which was tightened in late-2009. The framework takes into account factors such as the individual's family ties to Singaporeans, economic contributions, qualifications, age and family profile to assess the applicant's ability to contribute to Singapore and integrate into society, as well as his/her commitment to sinking roots. Chart A1 shows the number of PRs and SCs granted in the last 5 years.

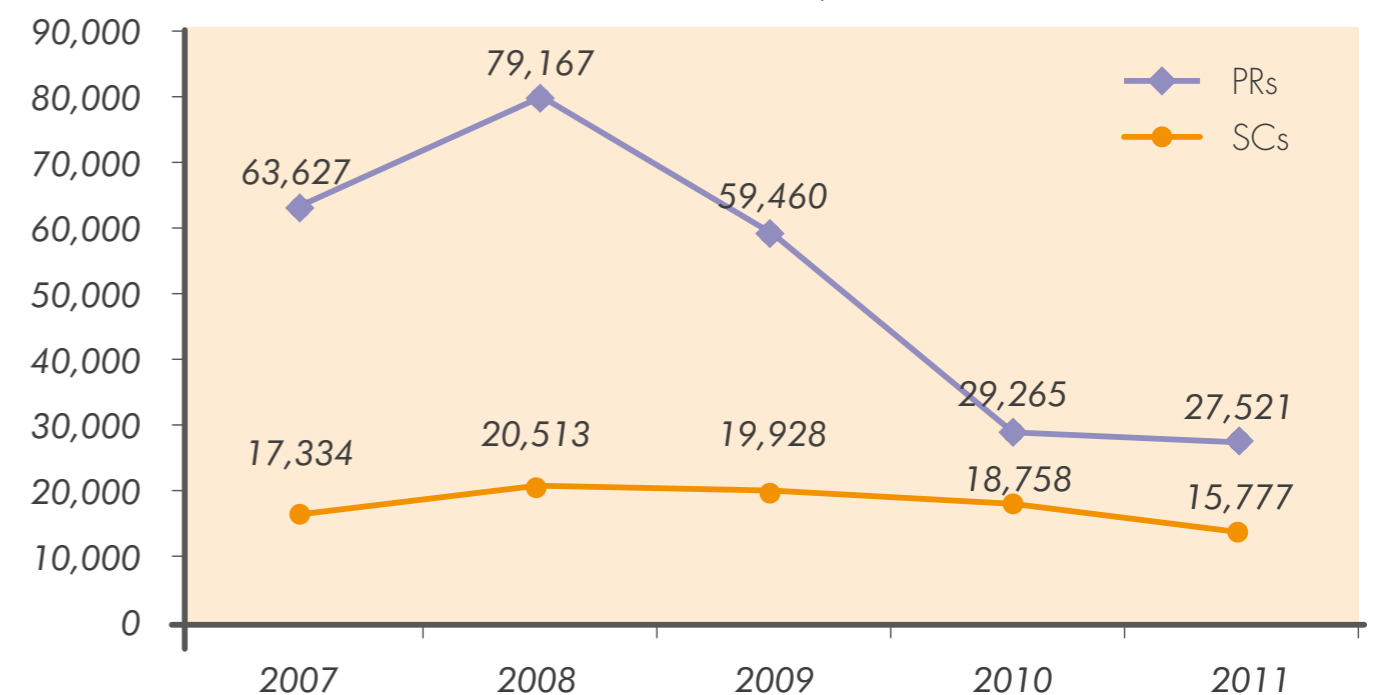
PRs are granted to working individuals, or their spouses and children. From 2007-2011, 48% of PRs were granted to working individuals, and the remaining were dependants (spouses and children) of SCs and PRs. 63% of all PRs granted were under 30 years old and they help to mitigate our ageing population. Most new PRs also have good educational qualifications. Of those aged 20 and above, 74% had a diploma or higher qualification.

PRs are subject to greater obligations than non-residents. For example, second generation male PRs are enlisted for National Service. At the same time, while SCs receive more benefits than PRs, PRs also receive more benefits than non-residents, such as subsidies at restructured hospitals.

Like PR applications, citizenship applications are subject to a holistic and thorough assessment process. PRs are granted citizenship only after they have completed the Singapore Citizenship Journey and renounced their foreign citizenships.

From 2007-2011, 38% of new SCs were granted to working individuals, while 62% were dependants. Like new PRs, new citizens are generally young and have good educational qualifications. 53% were under 30 years old, and of those over 20 years old, 61% had a diploma or higher qualification.

Chart A1: PRs and SCs Granted, 2007-2011



ANNEX B WORK PASS FRAMEWORK AND TIGHTENING OF FOREIGN WORKER INFLOWS

Work Permit (WP) Holders

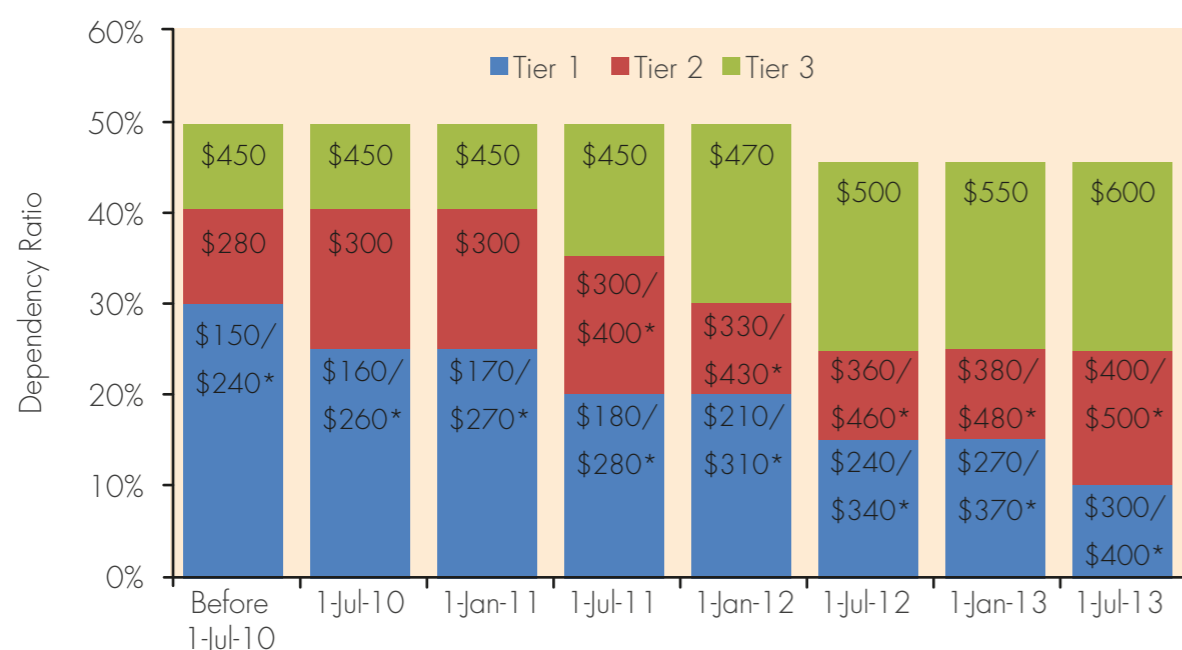
WP holders are semi-skilled and lower-skilled foreign workers such as construction workers. The number of WP holders that a company can hire is subject to various control mechanisms including source (nationality) restrictions and a Dependency Ratio Ceiling (DRC) that sets a cap on the number of foreign workers the company can employ. In addition, employers have to pay monthly levies to hire WP holders.

We have introduced significant measures to moderate the inflow of WP holders, including significant increases to the foreign worker levies in

phases. Chart B1 is an example of how foreign worker levy rates imposed on employers hiring WP holders in the services sector have increased over the last two years with further announced increases to be phased in till July 2013¹¹.

From July 2012, the DRCs for the services (from 50% to 45%) and manufacturing (65% to 60%) sectors will be reduced. The construction sector, which employs more than one-third of all WP holders will also see further adjustments to moderate foreign manpower demand.

Chart B1: Monthly Levy per Work Permit Holder in Services Sector, 2010-2013



Notes

1. Dependency Ratio refers to the proportion of foreign works (S Pass and Work Permit) out of a company's total workforce. The levy tiers are structured such that the higher a company's dependency on foreign workers, the higher the levy rate it will have to bear.
2. The levy rates for each tier are indicated in the chart.
3. The levy rates for unskilled workers is denoted by an asterisk.

¹¹ More information on the foreign workforce levy rates as well as DRCs can be found at www.mom.gov.sg

S Pass Holders

S Pass holders are mid-level skilled manpower such as associate professionals and technicians. They must earn a fixed monthly salary of at least \$2,000 and are assessed on a points system based on multiple criteria¹². The number of S Pass holders a company can employ is capped at a sub-quota, or sub-DRC of the company's total workforce. Employers have to pay monthly levies to hire S Pass holders.

Significant measures to moderate the inflow of S Pass holders, including raising the levies in phases, have been introduced. The qualifying salary for S Pass was raised in July 2011 to keep pace with the rising salaries of the Singaporean workforce. The sub-DRC for S Pass holders has also been reduced from 25% to 20% in July this year. (Table B2 illustrates the changes in qualifying salary for S Pass holders).

Employment Pass (EP) Holders

EP holders are higher-skilled foreign professionals, managers, executives and specialists (PMES).

To qualify, the applicant must meet these basic requirements:

Pass type	Examples of eligibility criteria
P1 Employment Pass	<ul style="list-style-type: none"> • Fixed monthly salary \geq \$8,000 • Possesses acceptable qualifications
P2 Employment Pass	<ul style="list-style-type: none"> • Fixed monthly salary \geq \$4,500 • Possesses acceptable qualifications
Q1 Employment Pass	<ul style="list-style-type: none"> • Young graduates from good institutions could qualify if they earn at least \$3,000 • Older applicants would have to command higher salaries to qualify, commensurate with the work experience and quality they are expected to bring

¹² More information on the criteria can be found at www.mom.gov.sg

ANNEX C

SUMMARY OF MARRIAGE AND PARENTHOOD PACKAGE MEASURES

Some EP holders are eligible to bring in their family members on either a Dependant's Pass (DP) or Long-Term Visit Pass (LTVP).

The qualifying salaries for EP holders were also raised in July 2011 to keep pace with the rising salaries of the Singaporean workforce. We have

tightened eligibility requirements for EP holders entering lower and mid-level professional, managerial and executive jobs since January 2012. The more stringent requirements include better educational qualifications and higher qualifying salaries. Table B2 illustrates how the qualifying salaries have been increased.

Table B2: Increased Salary Criteria for S Pass and EP Holders

Year	Pass Type	Minimum Qualifying Salary (Per Month)
2010	P1	S\$7000
	P2	S\$3500
	Q1	S\$2500
	S Pass	S\$1800
Jul 2011	P1	S\$8000
	P2	S\$4000
	Q1	S\$2800
	S Pass	S\$2000
Jan 2012	P1	S\$8000
	P2	S\$4500
	Q1	S\$3000
	S Pass	S\$2000

Measure What it means

GETTING MARRIED

Finding a partner	The Social Development Network (SDN) facilitates social interaction among singles.
Housing Schemes	Priority is given to first-time applicants in purchasing HDB Build-to-Order flats. Young couples can also apply for CPF Housing Grants (such as the Family Grant and the Additional CPF Housing Grant) to help them finance the purchase of public housing.

HAVING CHILDREN

Medisave Maternity Package	Medisave can be used to help pay for delivery and pre-delivery expenses.
Co-funding for assisted reproduction technology (ART) treatment	Government will co-fund ART treatment received at the public hospitals.
Medisave for assisted conception procedures	Up to \$6,000, \$5,000 and \$4,000 can be used from couples' Medisave for the 1st, 2nd and 3rd time that Medisave is used for assisted conception procedures.

RAISING AND CARING FOR CHILDREN

Baby Bonus	Parents can get a cash gift of \$4,000 each for their 1st and 2nd child, and \$6,000 each for their 3rd and 4th child. Savings into their children's Child Development Account (CDA) will be matched dollar for dollar up to \$6,000 each for their 1st and 2nd child, up to \$12,000 each for their 3rd and 4th child, and up to \$18,000 each from the 5th child onwards ¹³ .
Parenthood Tax Rebate (PTR)	Parents can claim the PTR of \$5,000 for their 1st child, \$10,000 for their 2nd child, and \$20,000 per child for all subsequent children.

¹³ With effect from 1 Jan 2013, the CDA will be extended by 6 years. This means that the CDA of a child will remain open until the end of the child's 12th year, instead of the current 6th year. From 1 Jul 2012, parents will also enjoy an expanded scope of approved uses for CDA funds.

ANNEX D

NATIONAL INTEGRATION COUNCIL

The National Integration Council (NIC) was set up in April 2009 to drive integration efforts in a comprehensive and ground up manner through the partnership of the public, people and private sectors. The NIC is chaired by Mr Chan Chun Sing, Acting Minister for Community Development, Youth and Sports and has wide-ranging representation from the public, private and people sectors. The NIC provides strategic direction to actionable programmes devised by its four working groups in the areas of education, workplace, community and the media.

Measure	What it means
RAISING AND CARING FOR CHILDREN (cont.)	
Qualifying/ Handicapped Child Relief (QCR/HCR)	Parents can claim \$4,000 per child under the QCR or \$5,500 per child under the HCR.
Working Mother's Child relief (WMCR)	Working mothers can claim the WMCR at 15% of earned income for their 1st child, 20% for their 2nd and 25% per child for all subsequent children.
Grandparent Caregiver Relief (GCR)	Working mothers whose children aged 12 and below are cared for by their grandparents can claim the GCR of \$3,000.
Subsidies for centre based infant care & childcare ¹⁴	Parents can enjoy a monthly subsidy of up to \$600 and up to \$300 for infant care and child care respectively.
Foreign Domestic Worker Levy Concession	Parents can enjoy a \$95 levy concession if they have a young child aged below 12 staying with them.
WORK-LIFE SUPPORT	
Maternity leave	Mothers have maternity leave of 16 weeks.
Child care leave	Both parents have 6 days of paid child care leave per year each if they have any child aged below 7 years.
Infant care leave	Both parents have 6 days of unpaid infant care leave per year each if they have any child aged below 2 years.
Work-Life Works! (WOW!) Fund	Organisations can use the Fund to subsidise costs of consultancy and training leading to implementation of better work-life strategies.

Community Integration Fund

The NIC launched the \$10 million Community Integration Fund (CIF) in September 2009 to co-fund and support ground-up integration initiatives. About 212 projects have been supported, and more than 143 organisations have been engaged through the fund.

The wide variety of projects have brought the people, private and public sectors together to focus on integration, and provided platforms for locals and non-locals to interact, make new friends, and appreciate Singapore's unique multi-racial, multi-religious and cosmopolitan society.

Singapore Citizenship Journey

The Singapore Citizenship (SC) Journey was launched in February 2011 and aims to enrich new citizens' understanding of Singaporean norms and values, and provide opportunities for meaningful interaction with their local community. All new Singapore citizens aged 16 to 60 have to undergo the SC Journey before they can complete their citizenship formalities.

It comprises 3 components – an interactive online SC eJourney; a Singapore Experiential Tour to key institutions of national and historical significance; as well as a Community Sharing Session that introduces them to platforms where they can actively participate in their local communities.

¹⁴ The Government also seeks to ensure that parents have access to good quality and affordable child care. There are now 982 child care centres as of May 2012, up from 749 in 2008. These centres now cater to 88,436 children compared to 63,852 in 2008.

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