



AWARE's Recommendations for Singapore Budget 2014

A Position Paper

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I. Executive Summary

AWARE has been submitting recommendations for the annual Budget since 2011. We are encouraged that over the last three years, budget allocations have increasingly addressed key issues that impact on women, including:

1. Income inequality and poverty
2. Caregiving
3. Healthcare

This year we are addressing fundamental approaches, because these are the causes of cracks that cannot simply be papered over. We question some of these fundamental approaches, in the hope that the Government, the citizenry and the corporate sector can, in tripartite alliance, arrive at truly inclusive solutions. This year we also focus on the need for more transparency in the budget process so that Singaporeans would have a greater stake in an inclusive nation.

This Position Paper includes the following sections and recommendations for Budget 2014:

A. Fundamental approaches

B. Income inequality and poverty

a. Gini Coefficient

Recommendation 1: The Government, as the only entity with the capacity, should take concrete measures to bring the Gini Coefficient below 0.4 (the international alert line for the inequality threshold), including reduction through mitigating transfers and taxes.

b. Poverty

Recommendation 2: The Government should spell out its “broad definitions for the groups it seeks to help” and the criteria it uses “to identify and assess those in need”. There should be a means of tracking the extent to which poverty is reduced by various “tailored schemes”. There should be transparent evaluation of whether the schemes currently covered under *Multiple Lines of Assistance* in the Ministry of Social and Family Development effectively address the needs of the poorest and most vulnerable. To achieve such systematic monitoring, a yearly, regular and reliable poverty measurement should be produced by the Department of Statistics in Singapore to enable tracking of the extent to which poverty is reduced in Singapore.

c. People most at risk of being impoverished – the elderly, women dropping out of the workforce, and disabled persons

Recommendation 3: The Government should improve Singapore’s Social Protection Index (SPI), which is a mere 0.169, with social protection spending comprising only 3.5% of GDP, according to the Asian Development Bank [ADB] (2013). In Asia and the Pacific, Singapore’s GDP per capita at USD 35,514 is only slightly less than Japan’s GDP per capita of USD 39,714. However, Japan’s SPI is 0.416, with social protection spending comprising 19.2% of GDP. Singapore’s social

protection spending is thus far below what it should be spending for such a high-income country.

Social protection spending in Singapore should focus on reducing the poverty of the vulnerable, especially the elderly, women who drop out of the workforce, and disabled persons. Their impoverishment places their family members at financial risk, affecting the latter's social security and mobility. Poverty reduction cannot hinge only on trying to encourage the employment of the poor. Even the unemployable should be protected from impoverishment and destitution – for example, through the provision of publicly funded subsistence packages.

Furthermore, even for the employable, employment can lift them out of poverty only if the income earned exceeds the expenditure needed for basic needs. While the poor *do* want to be employed and do *not* expect to be given handouts, it is absolutely vital that they are able to earn a living wage, which should not fall below the amount required for the Average Household Expenditure on Basic Needs (AHEBN). In 2011, the Department of Statistics calculated this as S\$1,250-1,500 per month for a four-person household. This figure needs to be updated on a yearly basis to take into inflation and current costs of living. Furthermore, as shown by the Lien Centre-SMU research project, the figure needs to be doubled for social inclusion to be effective.

The lack of a living wage impacts particularly on women with low education, because the jobs that they can get do not pay enough to cover the cost of substitute caregivers and transportation. Much more attention needs to be given to effective ways of enabling low-income women to be gainfully employed. For example, having childcare centres within walking distance can be a make-or-break difference. More aid for training and re-skilling that is not dependent on employers should be given.

Singapore's Social Protection Index (SPI) of 0.169 is made up of social insurance (0.282), social assistance (0.025), and active labour market programmes (0.031), showing the relative significance of allocations. Despite the emphasis on employment, there has been little spending to help the poor to secure employment.

Moreover, there is a gender gap in Singapore's social protection spending:

- SPI for Singaporean men: 0.095
- SPI for Singaporean women: 0.074

Additional social protection spending should go towards closing this gender gap.

d. Means testing

Recommendation 4: Means testing should be done only for the individuals applying for public assistance, as with MinLaw's LAB. Focus must be on their disposable income and disposable capital, not on the financial resources of the households where they live. Because family members living in the same household may not be supporting the individual concerned, their income and assets may be

irrelevant to the individual's application. Assumptions that richer relatives are supporting a poorer relative, regularly and substantially, should be verified by evidence. One possible method of verification would be to have the applicant to make a statutory declaration that he or she does not have family members who are able or willing to support them. As with other declarations, if this subsequently found to be untrue, then that person may be subject to penalties.

Focus must shift away from the gross income of all family members or the annual value of the place of residence to the individual applicant's disposable income and disposable capital, as with MinLaw's LAB. Individuals should not have to deplete all their resources and those of their family members before they can be considered eligible for public assistance.

C. Caregiving

e. Delinking support for caregivers and support for children

Recommendation 5: Delink policies that support caregivers from other policies that support children. Policies that support caregivers should prioritise their long-term financial wellbeing by reducing their dependence on husbands, children and other family members. Policies must be based on the recognition that such dependence is increasingly unsustainable with rapidly changing family forms. Public policy cannot be built on assumptions about a social structure that is wished for, rather than a social structure that exists in reality. Policies aimed at maximising the financial well-being of caregivers may include the provision of financial compensation to them, including stay-at-home mothers and grandparents caring for grandchildren – for example, through publicly funded contributions to the caregivers' CPF accounts.

Policies that support children should prioritise their physical and psychological well-being, as well as their prospects for social mobility. Such policies should not discriminate against children as result of their parents' practices in matters of employment, marriage or choice of a foreign spouse. Every child should be supported to have a family home (including subsidised public housing), a stable family life (without the deportation of parents), access to all levels of education (including preschool), access to material resources necessary for educational growth and advancement, and subsidies for needed care. No policy should disadvantage a child through no fault of his or her own. Policies that impact on children as a result of discrimination against their divorced, widowed, but especially "never-married" parents should be removed.

f. Supporting caregiving as a public good

Recommendation 6: Policies must shift towards the provision of caregiving services as a public good, in the same way as other public goods are made available to all. Significant investments should be made for childcare and eldercare to be publicly funded services that provide adequate levels of care to all in need of such care. Caregiving should not be left to private market mechanisms that cater only to those who can afford to pay. Particular attention should be given to investments

that enable women to combine career and family. Work-life balance with sufficient care leave should be legislated for all employees (male and female), without leaving this as a discretionary decision for individual employers.

D. Healthcare

Recommendation 7: The Singapore healthcare system is now at a crossroads. It is laudable that the “Healthcare 2020 Masterplan [aims] to build an inclusive healthcare system for the future – one that will provide Singaporeans with affordable, effective, and good quality healthcare.” However, that aim can be realised only by seriously addressing and eliminating the problems that have risen in the current healthcare system. Lessons should be drawn from past experiences. Over the past decades, healthcare issues have been experienced by different stakeholders from different perspectives, including patients and family members, citizens contributing to healthcare funds, medical practitioners and other healthcare service providers, people in the healthcare industry, civil servants and policy makers. Key questions need to be discussed in consultations with stakeholders with the purpose of resolving problems that have arisen. For example:

- i. Is there a shift away from transferring the risk and burden of healthcare financing from the State to the individual and his/her family?
- ii. Will out-of-pocket costs be reduced? If so, how?
- iii. Will Medishield premiums be made affordable for the elderly?
- iv. How can the viability of Medifund be guaranteed if it solely depends on the business success of the investments of an Endowment Fund?
- v. Can the means testing of individuals who need care be limited to their disposable income and disposable assets without taking into consideration the financial resources of all family members living in the same household?
- vi. Can individuals in need apply directly to Medifund prior to hospitalisation without depending on the medical social worker to propose on their behalf?
- vii. Can decisions about the use of Medifund for individuals in need be made in a more timely fashion than once in three weeks when the Medifund Committee meets?
- viii. Can there be greater transparency and accountability about the Government’s decisions about healthcare funds, including Medisave, Medishield and Medifund, as well as Eldershield?
- ix. What alternative means are there to fund the healthcare needs of people with insufficient Medisave accounts, which would not deplete the Medisave accounts of their family members?
- x. What healthcare financing is available for the Singaporeans, constituting a majority, who cannot meet the Medisave Minimum Sum and hence do not have enough for their healthcare needs?

- xi. What kind of healthcare system is affordable for all Singaporeans and sustainable for the future?

E. The Budget Process

Recommendation 8:

- Introduce a Pre-Budget Statement before the public consultation so that the public can provide meaningful feedback through REACH
- The period for public consultation on the Budget is arguably too short and too late for meaningful consultation, given that the Budget will be announced on Feb 21. REACH should be available throughout the announcement of Budget and Parliamentary debates, so that the public can submit its feedback on the proposed Budget before it is enacted. Public consultation should be sought throughout the year and through multiple avenues, not just REACH. Apart from closed-door consultations to which selected participants are invited, we would like to see more frequent open discussions with the public about their views on the national budget.
- Make available to the public a Citizen’s Budget which includes all of the following:
 - i. The economic assumptions underlying the Budget
 - ii. The Budget process
 - iii. Revenue collection
 - iv. Priorities in allocations and spending
 - v. Sector-specific information & information about targeted programs
 - vi. Contact information for follow up by citizens
- The public should have access to a detailed breakdown of the programmes administered by each Ministry – both ongoing as well as newly- announced Budget initiatives. For example, there should be specific allocations cited for reducing out-of-pocket healthcare expenses for Singaporeans, as the Minister for Finance mentioned in his Budget speech, as well as a breakdown of different sub-programmes and projects under *Total Expenditure by Programme*. Similarly, the *Family Development Programme* should provide details of allocations to the *Marriage and Parenthood Package*, *Baby Bonus Scheme*, *Elderly and Disability*, *Senior’s Mobility and Disability Fund*, etc. MSF’s *Multiple Lines of Assistance* Schemes should also have budget allocations specified for each scheme.
- Publish in-year, mid-year and end-year reports so that the public can track expenditure throughout the fiscal year. A 2006 OECD study on *Budgeting in Singapore* reported an initiative in the pipeline to introduce Ministry report cards, which “would include commentary on how demanding their targets were and on the management of resources.”¹ We would like to see this materialized and the report cards of each Ministry made available to the public.

¹*Budgeting in Singapore*, <http://www.oecd.org/gov/budgeting/40140241.pdf>

- Singapore's Audit Report should include financial statements for each Ministry as well as an assessment of how well the Government achieved its targets to serve the interests of the public.

Recommendation 9:

- Make available to the public data disaggregated by key factors, including gender, age, ethnicity, income, ability of persons and marital status.
- Singapore should make the Expenditure Control Document public.
- Ministers must provide information when asked in Parliament and Singapore should enact a Freedom of Information Act.



II. Recommendations for Singapore Budget 2014

A. Fundamental approaches

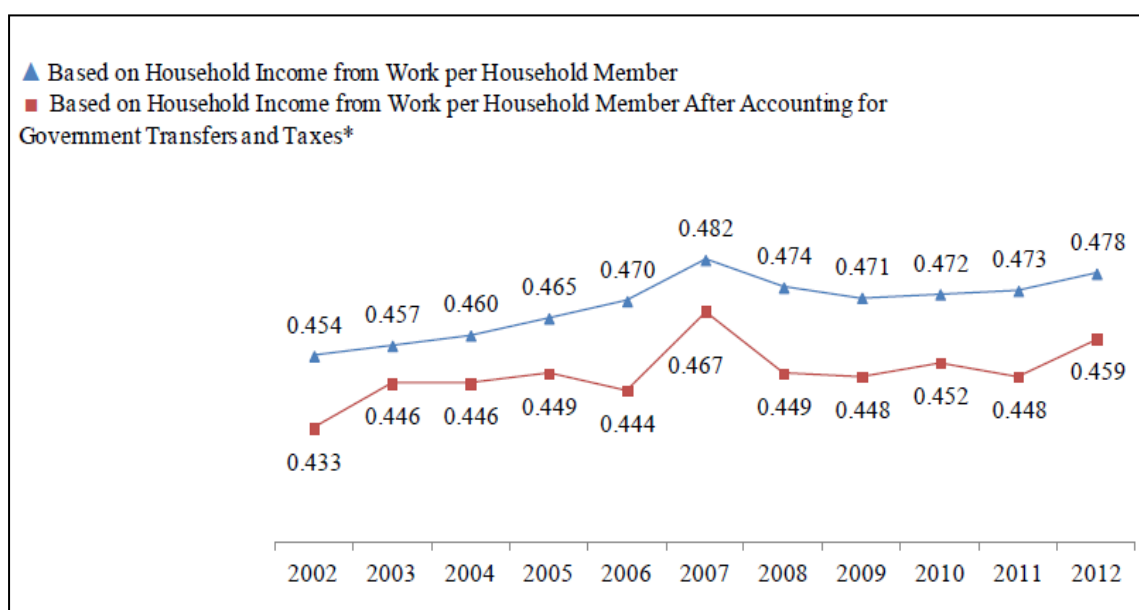
1. AWARE has been submitting recommendations for the annual Budget since 2011. We are encouraged that over the last three years, budget allocations have increasingly addressed key issues that impact on women, including:
 - a) Income inequality and poverty
 - b) Caregiving
 - c) Healthcare
2. This year we are addressing fundamental approaches, because these are the causes of cracks that cannot simply be papered over. We question some of these fundamental approaches, in the hope that the Government, the citizenry and the corporate sector can, in tripartite alliance, arrive at truly inclusive solutions. For example, we ask:
 - a) Is social spending too low?
 - b) Do policies assume that the financial insecurity of mothers who stay at home to devote themselves caregiving is solely a private problem of the family, to be compensated for by husbands and children?
 - c) Should children be advantaged or disadvantaged based on their parents' practices in employment, marriage or choice of spouse?
 - d) Do policies require too much "self-reliance" from individuals in contexts where problems cannot be addressed at the individual level? (An example would be healthcare as a public good that should not be privately sourced by individuals.)
 - e) Should the means-testing of individuals in need of public assistance take into account the gross income of all family members living in the same household, rather than the disposable income and disposable capital of the individual concerned?
 - f) Should the way that support is given to the needy be based on the assumption that people are out to cheat the system?
3. In addition, this year we focus on the need for more transparency in the budget process so that Singaporeans would have a greater stake in an inclusive nation.

B. Income inequality and poverty

4. We recognise that income inequality and poverty constitute a global challenge, not a problem faced by Singapore alone. "The World Economic Forum's *Global Risks 2014* report finds income disparity the most likely risk to cause an impact on a global scale in the next decade."² However, even though the factors leading to income inequality and poverty derive from global sources, is Singapore's response adequate?

²*Worsening Wealth Gap Seen as Biggest Risk Facing the World in 2014*, World Economic Forum
<http://www.weforum.org/news/worsening-wealth-gap-seen-biggest-risk-facing-world-2014>

B1. Gini Coefficient



Source: Key Household Trends 2012, Department of Statistics

5. In 2010 – 2012, the raw Gini Coefficient was mitigated by Government transfers and taxes as follows:

	Gini Coefficient <u>before</u> Government transfers and taxes	Gini Coefficient <u>after</u> Government transfers and taxes	Reduction by Government transfer and taxes
2010	0.472	0.452	0.020
2011	0.473	0.448	0.025
2012	0.478	0.459	0.019

We thus see that even though the Gini Coefficient rose from 2011 to 2012, the reduction brought about by Government transfers and taxes fell – from 0.025 to 0.019. This fall also indicates that the improved reduction of the Gini Coefficient through Government transfers and taxes from 2010 to 2011 cannot be interpreted as linear progress that will continue to be so. In contrast, although the Gini Coefficient also rose from 2010 to 2011, the mitigation of transfers and taxes enabled Singaporeans to experience the difference between the two years as a reduction in inequality. In 2012, however, they are experiencing the highest level of inequality since 2002.

The fundamental question is: does the Government see it as its responsibility to mitigate the negative effects of a rising Gini Coefficient? In the OECD countries:

Public cash transfers, as well as income taxes and social security contributions, played a major role in all OECD countries in reducing market-income inequality. Together, they were estimated to reduce inequality among the working-age

population (measured by the Gini coefficient) by an average of about **one-quarter** across OECD countries....”³

The reduction of inequality in Singapore is only a small fraction of that.

6. It is widely recognised that a high Gini Coefficient indicates social instability. As stated by the OECD (2011: 40), “inequality... raises political challenges because it breeds social resentment and generates political instability. It can also fuel populist, protectionist, and anti-globalisation sentiments.”⁴ We are already witnessing the emergence of resentment and xenophobia as a result of felt inequalities.
7. In its publication *Social Harmony* (Part 2), UN Habitat provides the following table of what the Gini Coefficient means:⁵

0.6 or above Extremely high levels of inequality, not only among individuals, but also among social groups (known as “horizontal inequality”). Wealth concentrated among certain groups at the exclusion of the majority. High risk of social unrest or civil conflict.

0.5-0.59 Relatively high levels of inequality, reflecting institutional and structural failures in income distribution.

0.45-0.49 Inequality approaching dangerously high levels. If no remedial actions are taken, could discourage investment and lead to sporadic protests and riots. Often denotes weak functioning of labour markets or inadequate investment in public services and lack of pro-poor social programmes.

0.40 International alert line – inequality threshold

0.3-0.39 Moderate levels of inequality. Healthy economic expansion accompanied by political stability and civil society participation. However, could also mean that society is relatively homogenous – that all groups are generally rich or poor – and, therefore, disparities are not reflected in income or consumption levels.

0.25-0.29 Low levels of inequality. Egalitarian society often characterized by universal access to public goods and services, alongside political stability and social cohesion.

8. As shown in the figures given by the Department of Statistics (see above), Singapore’s Gini Coefficient exceeded 0.4 since 2002 and has been increasing in the last ten years. There is thus an urgent need for the Government to take concrete measures to reduce the Gini Coefficient. This will ultimately benefit Singapore society as a whole, not just the poor and the marginalised.

Recommendation 1: The Government, as the only entity with the capacity, should take concrete measures to bring the Gini Coefficient below 0.4 (the international alert line for the inequality threshold), including reduction through mitigating transfers and taxes.

³ *An overview of growing income inequalities in OECD Countries: Main Findings*, OECD <http://www.oecd.org/els/soc/49499779.pdf>

⁴ Ibid

⁵ *UN Habitat Social Harmony (Part 2)*, UN Habitat http://www.unhabitat.org/jo/en/inp/Upload/105655_part%20two%201-2.pdf

B2. Poverty

9. It is sometimes claimed that there is no absolute poverty in Singapore. However, a research project on poverty in Singapore, undertaken by the Lien Centre for Social Innovation and the Singapore Management University (SMU), has estimated that about 10-12 per cent of resident households, comprising 110,000-140,000 households, are unable to meet basic needs in the form of clothing, food, shelter and other essential expenditures. This estimate is based on the Average Household Expenditure on Basic Needs (AHEBN), a monetary range of S\$1,250-1,500 per month calculated by the Department of Statistics, as the amount needed for average expenditure on food, clothing and shelter in a reference poor household living in a one- to two-room HDB or government rental flat, multiplied by a factor of 1.25 to include other household needs, e.g. transport, education, healthcare, and so on.
10. The project estimates that of these 110,000-140,000 absolutely poor households, 70,000-90,000 are working poor households, 20,000 are unemployed poor households, and 20,000-30,000 are poor retiree households.
11. Using different measurement methods, the project has provided the following range of poverty estimates:
 - 10 – 12 per cent or 110,000 – 140,000 resident households, based on a household income of S\$1,250 to \$1,500 – the amount needed to meet basic needs as calculated
 - 12 – 14 per cent or 130,000 – 150,000 resident households, based on \$1500 as the qualifying level for many ComCare schemes
 - 20 – 22 per cent or 220,000 – 240,000 resident households, based on \$2500 as 50 per cent of median household income among resident households
 - 23 – 26 per cent or 250,000 – 280,000 resident households, based on \$2500 - \$3,000 as the amount a family of four would need for social inclusion
 - 26 per cent or one out of four workers, based on the estimated proportion of workers who are eligible for the Workfare Income Supplement (WIS) when it was introduced in 2007, including the eligibility criterion of a monthly salary of less than \$1500.⁶
12. The Government recognises that at least 20 per cent of households in Singapore need assistance. In response to a question raised in parliament in November 2011, the then Acting Minister for Community Development, Youth and Sports (MCYS) said that the help that the ministry provides “typically cover the bottom 20th percentile of households, with the flexibility to go beyond if the family’s circumstances merit consideration.”⁷
13. A study published by the Department of Statistics in 2011 showed that “the average monthly household income, where at least one member was employed, for the bottom

⁶ *Measuring poverty in Singapore: frameworks for consideration*, The Lien Center for Social Innovation, https://centres.smu.edu.sg/lien/files/2013/11/SocialSpace2013-2014_SanushkaMudaliar.pdf

⁷ *Are Singapore’s poor better off?*, BBC News <http://www.bbc.co.uk/news/world-asia-16920951>

10th percentile was S\$1,581, while that of those in the 11th to 20th percentile was S\$3,135.’’⁸

14. In 2012, out of every 100 households in Singapore, only 90.8 have at least one working person, while 9.2 are households with no working person. Among these 9.2 households with no working person, 6 are retiree households. This number has increased from 4.3 retiree households per 100 households ten years ago.⁹
15. These and other statistics show that poverty – both absolute and relative – is a reality in Singapore. Yet there is official reluctance to identify the poor, whether in absolute or relative terms. In a written parliamentary reply, the Minister for Social and Family Development said that the Government’s approach is to use broad definitions for the groups it seeks to help, set clear criteria to identify and assess those in need, and come up with tailored schemes. “If we use a single poverty line to assess the family, we also risk a ‘cliff effect’, where those below the poverty line receive all forms of assistance, while other genuinely needy citizens outside the poverty line are excluded,” he said. He mentioned that a poverty line would miss out on non-monetary issues such as ill health, lack of housing and weak family relationships. He cited Canada and New Zealand as two countries that have also not established a poverty line.¹⁰
16. There is indeed international debate about which poverty measurement would most accurately “allow for reliable estimates, consistent trending, and measurement of the duration and depth of poverty”.¹¹ What is important is that the measures should enable tracking of the extent to which poverty is reduced. For example, the Low-Income Cut-Off (LICO) produced by Statistics Canada, regularly and reliably on a yearly basis, does enable poverty research and analysis of trends and comparisons to be done.¹²
17. In contrast, the Lien Centre-SMU study team undertaking the research project on poverty in Singapore reported that they found it “somewhat frustrating” that the Average Household Expenditure on Basic Needs (AHEBN) is not widely available. “The one official reference the study team was able to locate is in the *2012 Singapore Parliament Reports* (Hansard). In response to a question posed in parliament, it was noted that the AHEBN in 2011 was S\$1,250 per month for a four-person household.”¹³
18. The Canadian Council on Social Development declares its support of “a relatively generous poverty line, because we recognize needs as social as well as physical. To be poor is to experience a significant degree of exclusion from the wider society, and not just to be deprived of very basic needs.” Similarly, the Lien Centre-SMU project

⁸ *Ibid*

⁹ *Key Household Income Trends, 2012*, Department of Statistics, http://www.singstat.gov.sg/Publications/publications_and_papers/household_income_and_expenditure/pp-s19.pdf

¹⁰ *Why setting a poverty line may not be helpful*, Singapolitics (ST) <http://www.singapolitics.sg/news/why-setting-poverty-line-may-not-be-helpful-chaun-chun-sing>

¹¹ *How is poverty measured in Canada?*, http://www.novascotia.ca/coms/departement/backgrounders/poverty/Poverty_Stats-May2008.pdf

¹² *Defining and re-defining poverty: a CCSD perspective*, Canadian Council of Social Services <http://www.ccsd.ca/pubs/2001/povertypp.htm>

¹³ *Measuring poverty in Singapore: frameworks for consideration*, The Lien Center for Social Innovation https://centres.smu.edu.sg/lien/files/2013/11/SocialSpace2013-2014_SanushkaMudaliar.pdf

estimates an increased minimum amount a household would need for social inclusion (see above). Therefore, non-monetary aspects, such as health, housing and family relations, should result in a “generous poverty line”, rather than no poverty line at all.

Recommendation 2: The Government should spell out its “broad definitions for the groups it seeks to help” and the criteria it uses “to identify and assess those in need”. There should be a means of tracking the extent to which poverty is reduced by various “tailored schemes”. There should be transparent evaluation of whether the schemes currently covered under *Multiple Lines of Assistance*¹⁴ in the Ministry of Social and Family Development effectively address the needs of the poorest and most vulnerable. To achieve such systematic monitoring, a yearly, regular and reliable poverty measurement, such as the Low-Income Cut-Off (LICO) produced by Statistics Canada, should be produced by the Department of Statistics in Singapore to enable tracking of the extent to which poverty is reduced in Singapore.

B3. People most at risk of being impoverished – the elderly, women dropping out of the workforce, and disabled persons

B3(i) The elderly at financial risk

19. While CPF has instituted a minimum sum for individuals to set aside for retirement, upon reaching the age of 55. However, in 2011, only 45 percent of 33,644 active CPF members who turned 55 that year were able to meet the CPF Minimum Sum, then \$131,000.¹⁵ This suggests that the majority, 55 percent of active members, did not have enough income to meet the CPF Minimum Sum. Given that an “active” CPF member refers to “a person with employment contributions in the current or any of the preceding three months”,¹⁶ this statistic would refer only to people who have recent employment contributions. It can thus be estimated that most Singaporeans are not able to meet the CPF Minimum Sum.
20. Even for those who are able to meet the CPF Minimum Sum, there is no evident effort on the part of CPF to ascertain how much these individuals have to live on during retirement after meeting the Minimum Sum. If such information exists, it is not publicly available. The Minimum Sum requirement is currently \$148,000, which is required to be met at age 55.¹⁷ Yet the monthly pay outs do not begin until the draw down age (DDA), which is “currently 63, and is set to increase to 64 in 2015 and 65 in 2018 to keep pace with rising life expectancies.”¹⁸ We note that according to the recent Retirement and Re-employment Act, enacted on 1 January 2012, the statutory minimum retirement age is now 62 and employers are “required to offer re-employment to eligible employees who

¹⁴ *Multiple lines of assistance*, Ministry of Social and Family Development

<http://app.msf.gov.sg/Portals/0/Chart%20of%20Government%20Schemes.pdf>

¹⁵ *Singapore’s CPF: A sustainable and fair solution to the country’s pension challenge?*, M.G Asher

<http://www.imf.org/external/np/seminars/eng/2013/oapfad/pdf/asher.pdf>

¹⁶ *CPF Trends: October 2013*, Central Provident Fund http://mycpf.cpf.gov.sg/NR/ronlyres/15810309-1495-443E-A9C7-27DE4C669D66/0/CPFTrends_CPFMembershipandNetBalances.pdf

¹⁷ *My CPF: Reaching 55*, Central Provident Fund, <http://mycpf.cpf.gov.sg/CPF/my-Cpf/reach-55/Reach55-2.htm>

¹⁸ *General Information on the Minimum Sum Scheme*, Central Provident Fund, <http://mycpf.cpf.gov.sg/NR/ronlyres/9AAF0B33-7866-4409-89A5-401F933CEA28/0/GeneralInformationontheMinimumSumScheme.pdf>

turn 62, up to the age of 65.”¹⁹ However, this offer of re-employment is only for those who “are assessed by their employer to have at least a satisfactory work performance; and are medically fit to continue working.”²⁰ Therefore, the so-called requirement of re-employment may not apply to what may be a significant proportion of retirees. Furthermore, under the Act, employers are at liberty to negotiate the terms of re-employment, including salary and benefits, so that they can reduce the “heavy cost burden of re-employing older employees.”²¹ Re-employment is thus not necessarily a sufficient solution for all retirees prior to the Draw Down Age.

21. Are the monthly payouts from CPF Life (the annuity providing payouts for life) adequate for sustenance in old age? For example, those who join the CPF Life Basic Plan at the age of 70 will receive a “monthly payout of between \$547 and \$576.”²² As an indication of what would be adequate, we may consider the eligibility criterion of \$550 per capita or below per month used for ComCare social assistance by the Ministry of Social and Family Development (MSF).²³ In other words, the monthly payout should be substantially above the benchmark of \$550 per capita per month. At the moment, the amount of the monthly payout depends on how much a person has in the Retirement Account and when he or she joins CPF Life. This situation is likely to place lower-waged, less educated people at a disadvantage, because they may have less in their Retirement Account and because they may not know that their monthly payout depends on when they sign up for CPF Life.
22. The current structure of CPF Life also raises questions about fairness. The premiums charged for the annuity are based on age and gender. As women live longer than men,²⁴ they effectively pay a higher premium even though they have lower CPF balances than do the men.²⁵
23. Older low-wage earners may not be adequately supported. While they may be entitled to the Work Fare Income Supplement (WIS) scheme, and the Work Fare Training Support Scheme (WTS), a study of lifelong employability by the Institute for Adult Learning shows older low-wage workers, especially older female low-wage workers, may not benefit from the training subsidies on offer to younger workers: “the kinds of benefits arising from educational provisions currently being enjoyed by younger generations of residents now need to be extended to and enjoyed by older residents.” (Billet 2010: 71)²⁶

¹⁹ *Retirement and Re-employment Act*, Ministry of Manpower <http://www.mom.gov.sg/employment-practices/employment-rights-conditions/retirement/Pages/retirement.aspx>

²⁰ Ibid.

²¹ Ibid.

²² *CPF Life - Retire with Peace of Mind*, Central Provident Fund, <http://mycpf.cpf.gov.sg/NR/rdonlyres/09EA0C05-C8E9-4705-9D91-E8BD1D12CF1E/0/LIFEBrochure.pdf>

²³ *Details of short and medium term assistance under ComCare*, Ministry of Social and Family Development <http://app.msf.gov.sg/Portals/0/Summary/pressroom/Annex%20A,%20B%20and%20C.pdf>

²⁴ In 2012, the average life expectancy at birth for women is 84.5 years, as compared to 79.9 years for men (Department of Statistics,

http://www.singstat.gov.sg/statistics/visualising_data/chart/Life_Expectancy_At_Birth.html)

²⁵ *Singapore's CPF: A sustainable and fair solution to the country's pension challenge?* M.G Asher <http://www.imf.org/external/np/seminars/eng/2013/oapfad/pdf/asher.pdf>

²⁶ *Promoting and Supporting Lifelong Employability for Singapore's Workers aged 45 and over*, Institute for Adult Learning Singapore

This study further recommends “targeted CET activities [as] ... crucial for those without qualifications..., [particularly] mature-age female workers, whose participation in well paid and age-tolerant work and whose possession of qualifications is below that of Singaporean residents per se.” (Billet 2010: 71).²⁷ While the retirement age for Singaporeans is being extended from 62 to 65 through the Retirement and Re-employment Act,²⁸ with the possibility of further extensions in coming years, there is no mention of additional support for increasingly older low-wage earners.

B3(ii) Women at financial risk

24. In Singapore, women are at particular risk of being impoverished. From age 25 onwards, more females than males are economically inactive:²⁹

Economically inactive persons as of June 2012	Males			Females		
	Age Group (Years)	Number	Distribution (%)	Incidence (%)	Number	Distribution (%)
15 – 24	171,500	46.1	60.9	166,500	24.1	63.6
25 – 29	11,700	3.1	10.1	15,700	2.3	13.2
30 – 39	6,200	1.7	2.3	58,000	8.4	19.0
40 – 49	11,300	3.0	3.7	84,000	12.2	25.9
50 – 59	25,200	6.8	8.7	114,000	16.5	38.8
60 & over	146,600	39.4	51.4	252,800	36.6	77.0

According to *Singapore Workforce, 2012*, published by the Ministry of Manpower (2012: 17-18), “...the vast majority of prime-working age men participated in the labour market reflecting their traditional role as the main breadwinner within the household.... In contrast, the top reason for economic inactivity among females was family responsibilities (housework, childcare or care-giving to families/relatives) (43%)....” None of the economically inactive males cited family responsibilities as a reason. On the contrary, the top reason for economic inactivity cited by males was “schooling/attending courses/undergoing training (44%)” – activities likely to lead to increased income.

25. This gender gap shows up in the CPF savings of males and females, including Ordinary Account and Special Account (OASA). *CPF Trends* (March 2012) shows that on the whole, the gender gap has narrowed from 1997 to 2011. However, it is still evident that “the gender gap in terms of median OASA increased with age. This observation was most evident for the age groups 46-50 and 51-54. This was probably a result of females

<https://www.ial.edu.sg/files/documents/395/Promoting%20and%20Supporting%20Lifelong%20Employability.pdf>

²⁷ Ibid.

²⁸ *Retirement and Re-employment Act*, Ministry of Manpower, <http://www.mom.gov.sg/employment-practices/employment-rights-conditions/retirement/Pages/retirement.aspx>

²⁹ *Singapore Workforce, 2012*, Ministry of Manpower http://www.mom.gov.sg/Publications/mrsd_singapore_workforce_2012.pdf

dropping out of the workforce due to family or other commitments” (*CPF Trends* March 2012: 5).³⁰

26. The economic gender gap is evident among the elderly. A 2009 survey on “social isolation, health and lifestyles” done by the then Ministry of Community, Youth and Sports (MCYS) – now Ministry of Social and Family Development (MSF) – showed the following:³¹

Sources of income	Men above 60 years of age (percentage)	Women above 60 years of age (percentage)
Income from work	28%	12 %
Pension	5%	2%
CPF	5%	1%
Savings, life insurance, bonds, stock	16%	6%
Financial support from children, grandchildren	43%	75%
Income in the form of rent from self-owned property	1%	1%
Public assistance / Assistance from CDC	1%	1%
Others	1%	2%

These findings show that unlike older men, most older women are financially dependent on children and grandchildren. Older women “are more likely to be socio-economically disadvantaged where a higher proportion of older females than older males are widowed, have no formal education at all, have lower household incomes across their lifetimes and are more likely to have been homemakers throughout their lives.”³²

27. The gender gap exists even for employed women. The Ministry of Manpower (MOM) estimated in 2011 that in blue-collar industries, men earn approximately 30 per cent more than their female colleagues, with this gender wage gap widening with age.³³
28. The gender gap persists for younger generations. A study by Chia and Tsui (2012) on CPF savings, commissioned by the Ministry of Manpower, shows that “amongst entrants to the workforce today, the median male earner will be able to replace 70% of his wages when he retires. For the median female earner, the net IRR is slightly lower at 64%.”

B3(iii) The disabled at financial risk

29. No official data exist on the total number of disabled persons in employment.³⁴

³⁰ *CPF Trends March 2012*, Central Provident Fund http://mycpf.cpf.gov.sg/NR/rdonlyres/698FBC52-F5B4-4348-9BC5-6632EBC77C3B/0/CPFTrends_AnalysisofCPFBalancesbyGender2012.pdf

³¹ *A Profile of Older Men and Older Women in Singapore 2011*, The Tsao Foundation http://tsaofoundation.org/doc/Profile_Of_Older_Men_-_Singapore.pdf

³² *Social Isolation, Health and Lifestyles Survey 2009*, NUS Faculty of Arts & Social Sciences <http://www.fas.nus.edu.sg/srn/?research-gallery=social-isolation-health-and-lifestyles-survey-2009>

³³ *Occupational Wages 2011*, Ministry of Manpower http://www.mom.gov.sg/Documents/statistics-publications/wages2011/mrsd_2011Wages_OWS_Findings.pdf

30. The Government has launched at least five schemes to encourage employers to hire disabled persons:
- The Enable Fund, launched in 2006, providing up to \$5000 per disabled employee to companies that employ a minimum of four disabled employees for workplace modifications and job redesign
 - The Open Door Fund, launched in 2007, providing financial support to redesign jobs, modify workplaces and train people with disabilities
 - The Special Employment Credit scheme, providing the employer with a credit of 16 per cent of the disabled employee's wages
 - Workfare Income Supplement scheme in which the Government tops up the wages of workers from special education schools
 - The Assistive Technology Fund, which helps disabled students and employees to purchase assistive technology devices for education and work purposes

No official information has been released on the effectiveness of these schemes.

However, Tommy Koh, Ambassador-At-Large, said in a 2006 speech that in the first four months of the Enable Fund, only five companies used the Fund for 24 employees.³⁵

31. While it is laudable to support the employment of disabled persons, are all disabled persons equally employable? As stated in a 1997 paper by S. Vasoo (then Member of Parliament and Head of the Department of Social Work and Psychology, National University of Singapore): “Based on the 1985 MCD data and recent informed opinions from voluntary service agencies, it is assessed that unemployment rate continues to be high among the visually, intellectually and neuro-muscular disabled.”³⁶ Has the situation improved for these three categories of disabled persons in the last three decades? The five schemes listed above favour those categories of the disabled who are more employable. Is there any attention given to those who are less employable?

32. The Enabling Masterplan (2012 – 2016) states the following as its guiding principles:³⁷

- To take an inclusive approach towards persons with disabilities
- To recognize the autonomy and independence of persons with disabilities
- To take an integrated approach with the support of the People, Public and Private sectors
- To involve the community as a source of support and empower families to care.

However, the Enabling Masterplan is slanted in favour of disabled persons who are more employable. It does not suggest how disabled persons who are less employable are to become autonomous and independent. There is no mention of any financial assistance

³⁴ *Hiring the disabled – mere words by employers or real deeds?*, Human Capital Singapore

http://hcs.com.sg/v2/index.php/info/view_news/hiring-the-disabled-mere-words-by-employers-or-real-deeds-

³⁵ *Employing the disabled*, Tommy Koh http://lkyspp.nus.edu.sg/wp-content/uploads/2013/04/sp_TommyKoh_Employing-The-Disabled-In-Singapore-011206.pdf

³⁶ *Singapore: Employment Opportunities for Disabled People*, ABLE, www.able-sg.org/images/Singapore_employment_opportunities.doc

³⁷ *Enabling Masterplan 2012-2016*, Ministry of Social and Family Development [http://app.msf.gov.sg/Portals/0/Topic/Issues/EDGD/Enabling%20Masterplan%202012-2016%20Report%20\(8%20Mar\).pdf](http://app.msf.gov.sg/Portals/0/Topic/Issues/EDGD/Enabling%20Masterplan%202012-2016%20Report%20(8%20Mar).pdf)

for disabled persons who may not be employable. It mentions financial assistance only in terms of relieving the caregiver stress experienced by families with disabled members.

Recommendation 3: The Government should improve Singapore's Social Protection Index (SPI), which is a mere 0.169, with social protection spending comprising only 3.5% of GDP, according to the Asian Development Bank [ADB] (2013).³⁸ In Asia and the Pacific, Singapore's GDP per capita at USD 35,514 is only slightly less than Japan's GDP per capita of USD 39,714. However, Japan's SPI is 0.416, with social protection spending comprising 19.2% of GDP. The GDP per capita of the Republic of Korea is only \$17,110, but its SPI is 0.2, with 7.9% of GDP allocated to social protection spending. Singapore's social protection spending is thus far below what it should be spending for such a high-income country.

Social protection spending in Singapore should focus on reducing the poverty of the vulnerable, especially the elderly, women who drop out of the workforce, and disabled persons. Their impoverishment places their family members at financial risk, affecting the latter's social security and mobility. Poverty reduction cannot hinge only on trying to encourage the employment of the poor. Even the unemployable should be protected from impoverishment and destitution – for example, through the provision of publicly funded subsistence packages.

Furthermore, even for the employable, employment can lift them out of poverty only if the income earned exceeds the expenditure needed for basic needs. While the poor *do* want to be employed and do *not* expect to be given handouts, it is absolutely vital that they are able to earn a living wage, which should not fall below the amount required for the Average Household Expenditure on Basic Needs (AHEBN). In 2011, the Department of Statistics calculated this as S\$1,250-1,500 per month for a four-person household. This figure needs to be updated on a yearly basis to take into inflation and current costs of living. Furthermore, as shown by the Lien Centre-SMU research project, the figure needs to be doubled for social inclusion to be effective.

The lack of a living wage impacts particularly on women with low education, because the jobs that they can get do not pay enough to cover the cost of substitute caregivers and transportation. Much more attention needs to be given to effective ways of enabling low-income women to be gainfully employed. For example, having childcare centres within walking distance can be a make-or-break difference. More aid for training and re-skilling that is not dependent on employers should be given.

Social protection spending includes three components:³⁹

- Social insurance, which has contributory schemes to help people respond to common risks, such as illness, old age, and unemployment, e.g. health insurance, pensions, and unemployment insurance
- Social assistance, which consists of transfers to the poor, who are unable to qualify for insurance or to receive adequate benefits from such sources – e.g. cash or in-kind transfers, child welfare, assistance to the elderly, health assistance, disability benefits, and disaster relief.

³⁸ *The Social Protection Index: Assessing results for Asia and the Pacific*, Asian Development Bank
<http://workspace.unpan.org/sites/internet/documents/B10013%20The%20Social%20Protection%20Index%20-%20Assessing%20Results%20for%20Asia%20and%20the%20Pacific.pdf>

³⁹ *Ibid.*

- Active labour market programmes,⁴⁰ which help people to secure employment – e.g. skill development, training programs and special work programs

Singapore's Social Protection Index (SPI) of 0.169 is made up of social insurance (0.282), social assistance (0.025), and active labour market programmes (0.031), showing the relative significance of allocations.⁴¹ Despite the emphasis on employment, there has been little spending to help the poor to secure employment.

Moreover, there is a gender gap in Singapore's social protection spending:

- SPI for Singaporean men: 0.095
- SPI for Singaporean women: 0.074

Additional social protection spending should go towards closing this gender gap so that it is not more than the gender gap of the following countries:

Sri Lanka

- SPI for Sri Lankan men: 0.062
- SPI for Sri Lankan women: 0.060

Indonesia

- SPI for Indonesian men: 0.024
- SPI for Indonesian women: 0.020

Philippines

- SPI for Filipino men: 0.045
- SPI for Filipino women: 0.040⁴²

B4. Means-testing

33. The purpose of a means test is to determine whether an individual or family is eligible for public assistance, based upon whether that individual or family possesses the means to do without that help. In Singapore, means-testing is done in different sectors to determine eligibility for financial assistance. However, two very different methods are used:

- a) Means-testing of the individual seeking public assistance
- b) Means-testing not just the individual concerned but also all the members in the household where he or she lives

34. The Legal Aid Bureau (LAB) in the Ministry of Law uses the first method. The scope of the means test is limited to the individual seeking legal aid. "Only persons with a disposable income of not more than S\$10,000 per year and a disposable capital of not more than S\$10,000 may be granted legal aid."⁴³ "Disposable income" is the income after accounting for deductions and fixed expenses (e.g. food), and is used for means testing to determine financial eligibility for legal aid. This measure takes into account constant expenses such as rent, CPF contributions and expenditure on persons who are fully or

⁴⁰ This contrasts with passive labour market programmes, such as unemployment insurance, which are significant in Japan and Korea.

⁴¹ *Op. cit.*, p. 107.

⁴² *Ibid.*, pp. 119-120.

⁴³ *What is the Means Test?*, Legal Aid Bureau, <http://www.lab.gov.sg/eligibility/what-is-the-means-test.html>

partially dependent (e.g. child), as well as the rate of inflation. “Disposable capital” is the property that the individual possesses or is entitled to, excluding a list of items ranging from tools of trade to CPF savings. This approach, encompassing the individual’s right to disposable income and disposable capital, provides a more accurate estimate of whether he or she genuinely deserves assistance. This system also encourages a higher level of transparency and makes it simpler for cross checking in the future.

35. In contrast, MOH and MSF means-test not just the individual concerned but also all the members in the household where he or she lives, regardless of whether these other members of the household are actually contributing regularly and substantially to the livelihood of the individual in need.
36. According to MOH, it was only from 1 July 2012 that “Household Means-Testing” was adopted as the means-test approach for healthcare subsidies. No justification is given for this shift of approach.
37. As stated on the MOH website, “Household Means-Testing takes into consideration:
Either
a) The gross income of the person needing care, his/her spouse and all family members living in the same household; and
b) The total number of family members living in the same household.
Or:
Annual value of the place of residence for households with no income.”⁴⁴
38. However, the gross income is not a correct measure to be considered for means testing as it is prior to the deductions and fixed expenses needed for everyday life. Moreover, it is not just the gross income of the individual concerned but that of all the family members living in the same household. This method of means testing is likely to lead to having higher incomes stated that may well exceed the threshold for financial assistance schemes, including healthcare subsidies and programmes for the elderly and the disabled.
39. Taking into account the annual value of the place of residence is irrelevant if the individual applying for public assistance is not an owner or co-owner of the place.
40. The Government is aware that people who are related by kinship may not necessarily support each other financially. For example, children may not support parents. The Maintenance of Parents Act was legislated in recognition of this possibility. Yet in household means testing, the assumption is that family members living in the same household are supporting each other financially. No documentary or other evidence is called for to verify this assumption, in which case, individuals can make a statutory declaration that their family members cannot or will not support them.
41. Furthermore, CPF allows only immediate family members to use their Medisave for each other – that is, parents, children, siblings. However, in household means testing, more remote family members living in the same household, such as in-laws, cousins, nieces or nephews, are also included in the Means Test.

⁴⁴ *Subsidies for Government-funded Intermediate Long-Term Care Services*, Ministry of Health
http://www.moh.gov.sg/content/moh_web/home/costs_and_financing/schemes_subsidies/subsidies_for_government_funded_ILTC_services.html

42. For ComCare Transitions, MSF has the eligibility criterion of having “little or no family support, savings or assets”, thereby requiring individuals in need to deplete all their resources and those of their family members before they can be considered eligible for public assistance. By requiring that individuals are destitute before they can be assisted, those who could have been assisted at an earlier stage to achieve upward social mobility are instead compelled to impoverish themselves, thereby making it more difficult and more costly to assist them to become self-sustaining. There is no recognition that individuals in need also have the right to disposable income and disposable capital.

Recommendation 4: Means testing should be done only for the individuals applying for public assistance, as with MinLaw’s LAB. Focus must be on their disposable income and disposable capital, not on the financial resources of the households where they live. Because family members living in the same household may not be supporting the individual concerned, their income and assets are irrelevant to the individual’s application. Assumptions that richer relatives are supporting a poorer relative, regularly and substantially, should be verified by evidence.

Focus must shift away from the gross income of all family members or the annual value of the place of residence to the individual applicant’s disposable income and disposable capital, as with MinLaw’s LAB. Individuals should not have to deplete all their resources and those of their family members before they can be considered eligible for public assistance.

C. Caregiving

C1. Delinking support for caregivers and support for children

43. Current policies conflate support for caregivers and support for children. There is no recognition that the needs of the two groups are different, although both are important:
- a) Caregivers need to be supported for loss in income and financial insecurity
 - b) Children need to be supported to ensure their well-being and future social mobility, without being discriminated against because of parents’ actions
44. This conflation of support for children and support for caregivers has produced many problems and anomalies, such as the following:
- a) When women drop out of the workforce to be full-time caregivers, their loss of income and financial insecurity are regarded as their families’ private problem, even though this situation has multi-generational implications for the family’s financial security and upward social mobility.
 - b) Insufficient public support is given to enable women who have dropped out to rejoin the workforce by addressing the factors that made them stay at home to become full-time caregivers – namely, the need for alternative quality childcare that would enable them to combine paid work and caregiving, with subsidies to allow them to go for training / reskilling or even going for job interviews.
 - c) Children are discriminated against when they do not receive subsidies due to their parents’ practices. Whether they receive childcare centre subsidies depends on

whether their parents are employed, while babies born to an unmarried mother do not receive the Baby Bonus benefits given to newborn citizens, comprising a cash gift and a co-savings account to defray costs of child-raising.⁴⁵

- d) A child and his/her single unwed parent are not recognised as constituting a family unit that can purchase an HDB flat at subsidized rates, thereby placing this child at risk of becoming homeless if the single unwed parent cannot afford unsubsidised housing. The Speaker of Parliament, Mdm Halimah Yacob, has recently urged the Government to address the need to provide housing for single mothers in the interest of the child.⁴⁶
- e) A child of a non-Singaporean mother married to a low-income Singaporean man is at risk of experiencing family instability as the non-Singaporean mother is often not given permanent residence, despite having Singaporean citizen children, and consequently faces deportation if her Long-Term Visitor Visa is not renewed.

Recommendation 5: Delink policies that support caregivers from other policies that support children. Policies that support caregivers should prioritise their long-term financial wellbeing by reducing their dependence on husbands, children and other family members. Policies must be based on the recognition that such dependence is increasingly unsustainable with rapidly changing family forms. Public policy cannot be built on assumptions about a social structure that is wished for, rather than a social structure that exists in reality. Policies aimed at maximising the financial well-being of caregivers may include the provision of financial compensation to them, including stay-at-home mothers and grandparents caring for grandchildren – for example, through publicly funded contributions to the caregivers’ CPF accounts. “A large number of OECD countries provide financial support to carers through cash benefits either paid directly to carers through a carer allowance or paid to those in need of care, part of which may be used to compensate family carers” (*Help wanted? Providing and paying for long-term care* 2011: 132).⁴⁷

Policies that support children should prioritise their physical and psychological well-being, as well as their prospects for social mobility. Such policies should not discriminate against children as result of their parents’ practices in matters of employment, marriage or choice of a foreign spouse. Every child should be supported to have a family home (including subsidised public housing), a stable family life (without the deportation of parents), access to all levels of education (including preschool), access to material resources necessary for educational growth and advancement, and subsidies for needed care. No policy should disadvantage a child through no fault of his or her own. Policies that impact on children as a result of discrimination against their divorced, widowed, but especially “never-married” parents should be removed.

⁴⁵ *Enhanced Baby Bonus*, Ministry of Social and Family Development
http://www.heybaby.sg/havingchildren/baby_bonus.html

⁴⁶ *Halimah Yacob urges govt to review housing policy for single mothers*, Channel News Asia
<http://www.channelnewsasia.com/news/singapore/halimah-yacob-urges-govt/901958.html>

⁴⁷ *Help Wanted? Providing and paying for long-term care 2011, Chapter 4: Policies to support family carers*, OECD
<http://www.oecd.org/els/health-systems/helpwantedprovidingandpayingforlong-termcare.htm>

C2. Supporting caregiving as a public good

45. Without care, children cannot grow up as healthy citizens. Without care, workers can return to the workplace day after day to contribute to the economy. Without care, there is no stable family life. Without care, life expectancy is shortened. “Caring for the human family and community is not only central to human life, it is the economic and social foundation of all economies.”⁴⁸
46. An adequate level of care should be enjoyed by all children, regardless of whether their mother sacrifices her financial well-being to stay at home, whether their parents can afford to hire foreign domestic workers, or whether they can afford to pay expensive childcare centres. Similarly, this adequate level of care should be enjoyed by all the elderly, regardless of whether their children are able to take time off work, whether they can afford to hire foreign domestic workers, or whether they can afford to pay expensive eldercare centres
47. This level of care cannot be provided to all who are in need simply as an unpaid service by women in the family. Nor should this level of care be available only to those who can afford to outsource it from service providers in the private sector, including foreign domestic workers and care centres.
48. The work of caregiving is “vital in developing and maintaining the health and skills of the labour force; and in developing and maintaining the social framework: the sense of community; of civic responsibility; the rules, norms and values that maintain trust, goodwill and social order”. (Elson 1999: 6).⁴⁹ Yet caregiving is considered as a private function of the family – unpaid when it is carried out by a family member, paid only when done by unrelated people.
49. The activities of caregiving “tend to be taken for granted and not brought into the discussion of economic policy. They are often thought of as ‘social roles’ rather than economic activities. But they are economic in the sense that they require the use of scarce resources; and in the sense that they provide vital inputs to the public and private sectors of the economy. These activities are also gendered, in the sense that they are almost invariably regarded as a special responsibility of women”. (Elson 1999: 6).⁵⁰
50. The care economy should be incorporated into macro-economic thinking as one of the three sectors that interact to produce the national output – the private sector commodity economy, the public service economy, and the household and community care economy. “The private commodity economy would be unable to create wealth for use by the government and by families and communities, if the government and families and communities did not in turn create wealth for use by the private sector.” (Elson 1999: 6-7).⁵¹

⁴⁸ *The Care Economy*, <https://www.coc.org/care-economy>

⁴⁹ *Gender Budget Initiative*, Elson

<http://www.undp.mn/publications/GenderBudgets/Budgets%20CD%20section%203/3.1%20gender%20neutral%20gender%20blind.pdf>

⁵⁰ *Ibid.*

⁵¹ *Ibid.*

51. “If the care economy is overburdened, there will be negative feedbacks to the commodity and public service economies which will reduce their productivity and increase their costs, because of inadequate maintenance of human resources and of the social framework. The tangible signs of this will be work days lost and lower productivity through ill health and stress; rising public and private expenditure on insurance, policing, social workers, repairs to make good damage to human capacities. These negative feedbacks will affect the level and growth of output of the public and private sectors. Beyond a point, investment in the care economy will be necessary to increase its capacity – it cannot be treated as a bottomless well from which water can always be drawn.” (Elson 1999: 8).⁵²
52. We in Singapore are now at this point. We are experiencing the negative feedbacks listed above. Investment in the care economy is urgently needed at this moment: “it cannot be treated as a bottomless well from which water can always be drawn.” Singapore’s falling fertility rate is a symptom of a care economy that is under stress and overburdened.
53. A 2011 OECD report shows that publicly funded childcare raised “fertility rates more than money given away to families as subsidies.... On average, OECD countries spend [USD] \$36,000 of public money on each child from birth to the age of 5.... Among other countries with relatively high fertility, Norway, Sweden and Denmark all spend over \$60,000, while France and the U.K. spend over \$50,000. Also crucial is the way the money is spent.... Some policies have been aimed at boosting the birth rate, such as subsidizing women to take time off from work to bring up young children. Conversely, policies aimed at promoting women’s rights have tried to help women return quickly to the work force, by providing facilities such as child care. Paradoxically, the policies that seem to have the greatest effect on birth rates are the ones aimed at helping women combine career and family, rather than those trying directly to boost the birth rate. ‘Investment in child care has more effect on fertility,’ said Olivier Thevenon, chief author of the report. ‘Subsidizing births is not so effective.’ The report said: ‘Countries that do well on family outcomes devote about half of public spending on family benefits to in-kind services, including quality early childhood care and education services’.”⁵³

Recommendation 6: Policies must shift towards the provision of caregiving services as a public good, in the same way as other public goods are made available to all. Significant investments should be made for childcare and eldercare to be publicly funded services that provide adequate levels of care to all in need of such care. Caregiving should not be left to private market mechanisms that cater only to those who can afford to pay. Particular attention should be given to investments that enable women to combine career and family. Work-life balance with sufficient care leave should be legislated for all employees (male and female), without leaving this as a discretionary decision for individual employers.

⁵² *Ibid.*

⁵³ OECD: *Child-care money has biggest effect on fertility*, The Wall Street Journal, <http://online.wsj.com/news/articles/SB10001424052748704187604576288434073169462>

D. Healthcare

54. For many years, the premise for Singapore's healthcare policy is that healthcare is basically a financial issue, rather than an issue of whether the system provides quality health care or whether all citizens have adequate access to health care. The key assumption is that it is the individual and his/her family members who have the responsibility of being able to afford healthcare.
55. It is encouraging to note that the Government is beginning to recognise the limitations of this approach. During his Committee of Supply speech (12 March 2013), current Health Minister, Mr Gan Kim Yon, stated that the goal of the "Ministry's Healthcare 2020 Masterplan, [is] to build an inclusive healthcare system for the future – one that will provide Singaporeans with affordable, effective, and good quality healthcare."⁵⁴ We hope that this portends a fundamental shift to a prioritisation of quality healthcare and universal access of all citizens to this quality healthcare.
56. This requires a shift away from an official mindset that is wary of citizens who are seen as wanting to maximise publicly funded services and subsidies, thereby leading to an over-consumption of healthcare services. However, no evidence has ever been offered to support such suspicions. Nevertheless, this mindset has led to a healthcare financing model that is based on transferring the risk and burden of healthcare financing from the State to the individual and his/her family.⁵⁵ The effect is to protect the Government from any moral hazard that may arise from citizens seeking healthcare services. The concept of "self-reliance" is thus a central plank of current healthcare policies.
57. According to Abeyasinghe (2009: 13), Singaporeans pay approximately 75% out-of-pocket for healthcare expenditure, including 30.9% from Medisave, 37.2% from the Medisave of family members and 6.3% from out-of-pocket funds.⁵⁶
58. Although Medisave is Government-mandated, it is 100% self-financed by a working individual's CPF contributions, with disbursement controlled by the Government, who can decide which healthcare services are payable from Medisave. The only portion paid by the State is the interest paid by CPF. Yet Medisave is conventionally taken as one of the M's in the so-called 3-M system of healthcare financing.
59. Another M is Medishield, which is a Government managed insurance programme for pre-defined "catastrophic" care with high deductibles and co-payments. Premiums are set by market and actuarial conditions (which is the most expensive way to set premiums). These increasingly expensive premiums are to be paid by individuals, whose financial capacity to pay cannot be assumed to increase with age. Although individuals

⁵⁴ *COS Speech by Minister for Health Gan Kim Yon -- Better Health for All (Part 1 of 2)*, 12 March 2013, http://www.moh.gov.sg/content/moh_web/home/pressRoom/speeches_d/2013/COS2013SpeechBetterHealthforAllPart1of2.html

⁵⁵ Lim (2013: 21).

⁵⁶ *Singapore's healthcare financing: Some challenges* Abeyasinghe et al (2010: 3), <http://courses.nus.edu.sg/course/ecstabej/Singapore%20health%20chapter-earlier%20version.pdf> In AWARE's recommendations for Budget 2013, we had cited the figure of 55% for out-of-pocket expenditure, following Bhaskaran *et al* 2012.

may draw from their Medisave to pay for Medishield premiums, it should be remembered that Medisave is, after all, their own money.

60. Medifund is the only M that may be regarded as public healthcare financing. Means-testing is conducted before individuals are given public healthcare assistance. However, as mentioned above (paragraphs 41-43), since 1 July 2012 MOH has adopted “Household Means-Testing” as the means-test approach for healthcare subsidies. As mentioned above, this takes into account “the gross income of the person needing care, his/her spouse and all family members living in the same household”, regardless of whether these other family members are regularly and substantially support him/her. For households with no income, the annual value of the place of residence for households is taken into account, regardless of whether the individual needing care is an owner.⁵⁷ Furthermore, individuals in need are not able to apply to Medifund by themselves prior to hospitalisation. They have to depend exclusively on being referred to the medical social worker in the hospital, who decides whether or not to propose them to the Medifund Committee, which is said to meet only once in 3 or so weeks.
61. Furthermore, Medifund is an Endowment Fund, which currently stands at SGD 3 billion. Only the investment income from the preceding year is drawn upon, with fluctuations year by year depending on the success of the investments. Thanks to the judicious investments made, Medifund has been able to increase the amounts available for disbursement – from SGD 39.8 million in 2006 to SGD 84.3 million in 2011.⁵⁸ However, this source of funding has been made possible not by allocating from the public purse, but by the business success generated through the investments of this Endowment Fund.
62. Despite the fact that the public funding of the 3-M mechanisms is negligible, the Government nevertheless has the ability to control all three M’s in terms of eligibility, access to programmes, control of programme implementation, rules of distribution, coverage definitions, as well as determine and determine the commercial aspects as it sees fit. There is no process for ensuring public accountability of the decisions made about healthcare funds that have been largely provided by citizens themselves through Medisave and the premiums they pay for Medishield. The 3-M system is largely a re-allocation of an individual’s limited healthcare dollar with some commercial intrusion into the insurance market, as well as investment profits from an Endowment Fund. It is not a publicly funded health care system or safety net.
63. According to WHO figures, as a percentage of Gross Domestic Product (GDP), Total Health Expenditure (THE) in Singapore has risen from 3% to 4% from 1995 to 2011. However, within this same period, as a percentage of THE, out of pocket expenditure rose from 49% to 60%.⁵⁹ Therefore, although THE only rose by 1 percentage point as a

⁵⁷ *Subsidies for Government-funded Intermediate Long-Term Care Services, Ministry of Health*

http://www.moh.gov.sg/content/moh_web/home/costs_and_financing/schemes_subsidies/subsidies_for_government_funded_ILTC_services.html

⁵⁸ Lim (2013: 79-83).

⁵⁹ *WHO Global Health Expenditure Database, World Health Organization*
<http://apps.who.int/nha/database/DataExplorer.aspx?ws=0&d=1>

percentage of GDP from 1995 to 2011, out of pocket expenditure rose disproportionately by 11 percentage points as a percentage of THE.

64. According to the World Bank, with a Gross National Income (GNI) of approximately SGD 47,210 per capita⁶⁰ and an average health care expenditure of just under SGD 15,000⁶¹ in 2011, healthcare costs can comprise over 31% of an individual's annual income.
65. This current system of “pay for service” or “direct payment” greatly diminishes an individual's capacity to seek healthcare services. It requires him or her to consider cost as a primary factor when deciding to seek treatment. Individuals thus need financial risk protection in proportion to the immediate direct cash payments that they have to make to cover their healthcare needs.⁶²
66. Should individuals be unable to finance their own healthcare, the risk and burden of healthcare financing are then passed on to other family members. Their Medisave accounts are drawn upon if an affected individual has insufficient in his or her Medisave to cover healthcare costs. This increases the financial risks to them as there may not be enough left in their depleted Medisave accounts for themselves. Even one acute care event, such as the hospitalization of an individual, can place family members at great financial risk of hardship. The current model of financing does not adequately protect individuals and up to three generations of family members from catastrophic financial burdens when accessing health care. The Government reluctantly takes on the risk and burden of healthcare financing only for unmarried, childless individuals who are destitute and without any other means of support.
67. Fifty-one per cent of elderly patients have their hospital bills paid from their family members' Medisave. Significantly more females (64%) than males (38%) tap on family members' medical savings at almost double the rate.⁶³ This is not surprising since the 2009 survey on “social isolation, health and lifestyles” by the then MCYS has shown that 75% of elderly women depend on the financial support of children and grandchildren, as compared with only 43% of elderly men.⁶⁴
68. The old adage of “robbing Peter to pay Paul” is very relevant in this context. “Peter” in this context represents the family members of an affected individual, often economically active children and grandchildren. Can they be treated as bottomless wells from which water can be endlessly drawn? Is “Peter” going to rob other, ever younger, “Peters” for their own healthcare needs? With changing family structures, this model is clearly unsustainable with negative health consequences for younger generations. When a family

⁶⁰ *Gross national income per capita 2012, Atlas Method and PPP*, The World Bank
<http://databank.worldbank.org/data/download/GNIPC.pdf>

⁶¹ Table of Key Indicators and Sources for Singapore 1995-2011, World Health Organization
http://apps.who.int/nha/database/StandardReport.aspx?ID=REP_WEB_MINI_TEMPLATE_WEB_VERSION&COUNTRYKEY=84662

⁶² *The World Health Report 2013, Research for Universal Health Coverage*
http://apps.who.int/iris/bitstream/10665/85761/2/9789240690837_eng.pdf?ua=1

⁶³ *Singapore's healthcare financing: Some challenges* Abeyasinghe et al (2010: 13),
<http://courses.nus.edu.sg/course/ecstabe/Singapore%20health%20chapter-earlier%20version.pdf>

⁶⁴ *A Profile of Older Men and Older Women in Singapore 2011*, The Tsao Foundation
http://tsaofoundation.org/doc/Profile_Of_Older_Men_-_Singapore.pdf

member's accident or illness (especially a chronic illness) siphons and drain resources away from an entire family, including younger generations of children and grandchildren, it becomes a rational choice for all family members to forego treatment, especially health screening, so as to conserve family resources for those in critical need. The end result is a more costly scenario with higher risk of disability and even death.

69. According to *CPF Trends* (April 2013), “about six in ten *active* CPF members met the Medisave Minimum Sum when they turned age 55 in 2012.” The Medisave Minimum Sum was then \$38,500; it is now \$40,500. Given that an “active” CPF member refers to “a person with employment contributions in the current or any of the preceding three months”, this statistic would refer only to people who have recent employment contributions. Therefore, in addition to the four out of ten active CPF members who are not able to meet the Medisave Minimum Sum, perhaps most *inactive* CPF members are also unable to do so. As stated by CPF, the Medisave Minimum Sum is the amount that needs to be retained in the Medisave Account for healthcare needs. Yet we may have a situation where most Singaporeans cannot meet the Medisave Minimum Sum and hence do not have enough for their healthcare needs.
70. Singapore's current system of healthcare financing is clearly unsustainable. It transfers risk from the State to the individual and from the individual to other individuals, with three generations potentially placed at risk. There is a severe conflict of interest between (i) the State and its obligations as a provider of healthcare to the citizenry, and (ii) the State as a market participant in healthcare insurance. This conflict of interest lies at the heart of current debates about Medishield.

Recommendation 7: The Singapore healthcare system is now at a crossroads. It is laudable that the “Healthcare 2020 Masterplan [aims] to build an inclusive healthcare system for the future – one that will provide Singaporeans with affordable, effective, and good quality healthcare.” However, that aim can be realised only by seriously addressing and eliminating the problems that have risen in the current healthcare system, some of which have been discussed above. Lessons should be drawn from past experiences. Over the past decades, healthcare issues have been experienced by different stakeholders from different perspectives, including patients and family members, citizens contributing to healthcare funds, medical practitioners and other healthcare service providers, people in the healthcare industry, civil servants and policy makers. Key questions need to be discussed in consultations with stakeholders with the purpose of resolving problems that have arisen. For example:

- Is there a shift away from transferring the risk and burden of healthcare financing from the State to the individual and his/her family?
- Will out-of-pocket costs be reduced? If so, how?
- Will Medishield premiums be made affordable for the elderly?
- How can the viability of Medifund be guaranteed if it solely depends on the business success of the investments of an Endowment Fund?
- Can the means testing of individuals who need care be limited to their disposable income and disposable assets without taking into consideration the financial resources of all family members living in the same household?

- Can individuals in need apply directly to Medifund prior to hospitalisation without depending on the medical social worker to propose on their behalf?
- Can decisions about the use of Medifund for individuals in need be made in a more timely fashion than once in three weeks when the Medifund Committee meets?
- Can there be greater transparency and accountability about the Government's decisions about healthcare funds, including Medisave, Medishield and Medifund, as well as Eldersshield?
- What alternative means are there to fund the healthcare needs of people with insufficient Medisave accounts, which would not deplete the Medisave accounts of their family members?
- What healthcare financing is available for the Singaporeans, constituting a majority, who cannot meet the Medisave Minimum Sum and hence do not have enough for their healthcare needs?
- What kind of healthcare system is affordable for all Singaporeans and sustainable for the future?

Such discussions need to be conducted with a far greater degree of transparency, than is the case at present. For example, in 2012, the Minister for Health said in Parliament: "Our review and consultations over the last few months have enabled my Ministry to put together a "Healthcare 2020" Masterplan to improve healthcare services for Singaporeans." But what is the content of the review and consultations? This has not been shared publicly. All that is released is the "Healthcare 2020" Masterplan, with no information about what has been derived from the consultations and what has not been found acceptable, as well as the reasons for these. In any case, the "Healthcare 2020" Masterplan does not actually address the questions listed above, which still have to be discussed as these impact on all citizens, especially the vulnerable.

E. The Budget Process

71. For some years now, MOF has been engaged in public consultations about Singapore's annual budget. We assume that the Government sees value in having such public consultations. Indeed, increased participation, coupled with the Government's willingness to engage, would enable more Singaporeans to feel that they have a stake in this country. However, for citizens to give useful suggestions, more information and transparency would be needed.
72. As an advocacy group, AWARE has been submitting recommendations for the Budget since 2011, usually through Reach. In this process, we have an interest in developing our budget literacy and our capacity to analyse budgetary allocations, so that we are able to voice informed opinions and well-substantiated recommendations.
73. In the course of our self-directed capacity building, we came to know of the Open Budget Survey (OBS), which measures the state of budget transparency, participation and oversight in countries around the world, once every 2 years since 2006. On the basis of Survey results, an Open Budget Index (OBI) is calculated, which assigns each country that is surveyed a score that can range from 0 to 100. The Open Budget Survey is

coordinated by the International Budget Partnership (IBP) and supported by the UK's Department for International Development (UK Aid), the Open Society Foundations, the Ford Foundation, and the William and Flora Hewlett Foundation.⁶⁵

74. In 2012 the Open Budget Survey covered 100 countries but Singapore was not one of them, for reasons we are unaware of. As stated by the International Budget Partnership (IBP), the Open Budget Survey is carried out by civil society groups and independent researchers in each country surveyed. Governments were given the opportunity to comment on the draft results for their country.
75. The main indicators measured are⁶⁶:
- a) Public availability and comprehensiveness of the eight key budget documents that governments should publish at various points of the budget cycle
 - b) Opportunities for public participation in the budget process
 - c) Roles played by legislatures and supreme audit institutions in budget formulation and oversight
76. Because Singapore was not included in the 2012 Open Budget Survey, it has no ranking in the Open Budget Index. There is thus no international benchmark to gauge Singapore's Budget transparency. For this reason, AWARE has decided to refer to the indicators used in the Survey (see paragraph 74 above) as a template for commenting on the Budget Process. Our knowledge of the Open Budget Survey and the Open Budget Index was also enhanced by our participation in two regional meetings where we were able to interact with civil society organisations that have been engaged in the Survey.
77. The following table compares the Singapore situation with international best practices, as identified in the Open Budget Survey. Our recommendations derive from this comparison, focussing in particular on the release of 8 key budget documents.

⁶⁵ *Open Budget Survey*, International Budget Partnership <http://internationalbudget.org/wp-content/uploads/OBI2012-Report-English.pdf>

⁶⁶ *Open Budget Survey 2012*, International Budget Partnership <http://internationalbudget.org/wp-content/uploads/OBI2012-Report-English.pdf>

Budget Process	Budget Document	Best Practice Guidelines	What happens in Singapore	Recommendation 8
Budget formation (6-12 months before fiscal year [FY])	1 <i>Pre-Budget Statement</i> A document which lays out the government's macroeconomic assumptions, revenue and expenditure levels, debt and deficit limits, etc. ⁶⁷	Released to the public 6 months before FY.	No Pre-Budget Statement made available to the public in Singapore at any time during public consultation period - Nov 22, 2013 – Jan 29, 2014 via the online REACH portal so public has limited knowledge about the direction of the Budget for the upcoming FY.	Introduce a Pre-Budget Statement before the public consultation so that the public can provide meaningful feedback through REACH
Discussion (2-3 months before FY)	2 <i>Executive Budget Proposal</i> A document that should be made available to the public before the actual budget law is passed by the legislature	Released 3 months before FY	Released in the form of the Minister for Finance's Budget Speech, with illustrations, and the "Revenue & Expenditure Estimates"	The period for public consultation on the Budget via REACH started on 22 November 2013 and closes on 29 January 2014. This is arguably too short and too late for meaningful consultation, given that the Budget will be announced on Feb 21. REACH should be available throughout the announcement of Budget and Parliamentary debates, so that the public can submit its feedback on the proposed Budget before it is enacted. Public consultation should be sought throughout the year and through multiple avenues, not just REACH. Apart from closed-door consultations to which selected participants are invited, we would like to see more frequent open discussions with the public about their views on the national budget.
	3 <i>Citizen's Budget</i> A non-technical presentation of the terms and concepts in the	Should be released at the same time as the Executive	The <i>Budget in Brief</i> document as well as the <i>Key Budget Initiatives</i> for Households and Businesses do attempt to simplify Budget	Make available to the public a Citizen's Budget which includes all of the following: vii. The economic assumptions underlying the

⁶⁷ *Analyzing Pre-Budget Statements*, International Budget Partnership <http://internationalbudget.org/budget-analysis/opportunities-methods/budget-formulation/analyze-pb-statements/>

Budget Process	Budget Document	Best Practice Guidelines	What happens in Singapore	Recommendation 8
	<p>Budget that can be understood by citizens who do not have a technical background in budgets or fiscal policy.</p> <p>The Citizen’s Budget should include:</p> <ul style="list-style-type: none"> i. The economic assumptions underlying the Budget ii. The Budget process iii. Revenue collection iv. Priorities in allocations and spending v. Sector-specific information & information about targeted programs vi. Contact information for follow up by citizens⁶⁸ 	Budget Proposal	<p>initiatives for different stakeholders. But these documents are a mere summary of the Budget initiatives, whereas the Citizen’s Budget should include all the 6 pieces of information listed in the right.</p>	<p>Budget</p> <ul style="list-style-type: none"> viii. The Budget process ix. Revenue collection x. Priorities in allocations and spending xi. Sector-specific information & information about targeted programs xii. Contact information for follow up by citizens
	<p><i>4 Enacted Budget</i></p> <p>A document that is passed into law as the Budget to be implemented for the upcoming fiscal year.</p>	<p>The Budget is enacted after legislature debates, amends & votes and released to the public after enactment</p>	<p>The Round-up Speech by the Minister for Finance is available, as well as the Supply Act, signed by the President in March. However, the Act only states the total amount that the Government is allowed to spend in FY.</p> <p>The public has access to the Revenue and Expenditure Estimates but these are inadequate in that they do not always provide a detailed breakdown on how much is being allocated for a particular initiative. For example, in the FY2013 Budget Speech, DPM Tharman said, “...we want to see</p>	<p>The public should have access to a detailed breakdown of the programmes administered by each Ministry – both ongoing as well as newly-announced Budget initiatives. For example, there should be specific allocations cited for reducing out-of-pocket healthcare expenses for Singaporeans, as the Minister for Finance mentioned in his Budget speech, as well as a breakdown of different sub-programmes and projects under <i>Total Expenditure by Programme</i>. Similarly, the <i>Family Development Programme</i> should provide details of allocations to the <i>Marriage and Parenthood Package, Baby Bonus Scheme, Elderly and</i></p>

⁶⁸ *The Power of Making it Simple: A Government Guide to Developing Citizens Budgets*, International Budget Partnership <http://internationalbudget.org/wp-content/uploads/Citizen-Budget-Guide.pdf>

Budget Process	Budget Document	Best Practice Guidelines	What happens in Singapore	Recommendation 8
			<p>Singaporeans' out-of-pocket share of medical costs fall, and the Government take on a larger share...⁶⁹ (MOF's emphasis). But there are no details provided on how this will be achieved. The Ministry of Health's Revenue and Expenditure Estimates do not provide any information about expenditure estimates for reducing out-of-pocket healthcare costs.⁷⁰ The Ministry of Social and Family Development (MSF) does attempt some level of detail about its Programmes in its Revenue and Expenditure document – for example, the \$1.24 billion allocation for the Family Development Programme.⁷¹ However, there is no further breakdown of projects or sub-programmes such as the Marriage and Parenthood package or others.</p>	<p><i>Disability, Senior's Mobility and Disability Fund</i>, etc. MSF's <i>Multiple Lines of Assistance</i> Schemes should also have budget allocations specified for each scheme.</p> <p>Canada's Budget is a good example of the level of detail one can expect for Expenditure Estimates for Programmes. It includes staff and non-staff expenses for each programme, such as its Adults' Services Program, which is further broken down into operating expenses for its Disability Support Program and Supportive Services. Most notably, it includes transfer payments to beneficiaries in its sub-programmes, which we should also incorporate in Singapore's Expenditure Estimates for the Budget.</p>
Execution (12 months of FY)	<p>5 <i>In-year reports</i></p> <p>A document that is released on a monthly or quarterly basis to report on the implementation of the Budget</p>	Released every month or quarter	Not released to the public but presumably produced	Publish in-year, mid-year and end-year reports so that the public can track expenditure throughout the fiscal year. We understand from our research that there was an initiative in the pipeline to introduce Ministry report cards, which "would include commentary on how demanding their targets were and on the management of resources." ⁷² We would like to see this materialized and the report cards of each Ministry made available to the public.
	<p>6 <i>Mid-year review</i></p> <p>A document that contains a comprehensive update on the implementation of the Budget, including a review of the</p>	Released in the middle of the FY	Nil	

⁶⁹ *Budget Speech 2013*, Ministry of Finance http://www.mof.gov.sg/budget_2013/speech_toc/download/FY2013_Budget_Statement.pdf

⁷⁰ MOH *Revenue and Expenditure Estimates for FY2013*, Ministry of Finance http://www.mof.gov.sg/budget_2013/revenue_expenditure/attachment/35%20MOH%202013.pdf

⁷¹ MSF's *Revenue and Expenditure Estimates for FY2013*, Ministry of Finance http://www.mof.gov.sg/budget_2013/revenue_expenditure/attachment/23%20MSF%202013.pdf

⁷² *Budgeting in Singapore*, Blondal <http://www.oecd.org/gov/budgeting/40140241.pdf>

Budget Process	Budget Document	Best Practice Guidelines	What happens in Singapore	Recommendation 8
	economic assumptions underlying the Budget and an updated forecast of Budget outcomes for the current FY.			
Audit (6-18 months after FY)	<p>7 <i>Year-End Report</i></p> <p>A document that reports extensively on the Government's fiscal activities and the Government's performance</p>	Released 6 months after FY	<p>No Year-End Report from MOF to show actual expenditure of all Government agencies</p> <p>Expenditure of individual ministries: not open to the public.</p> <p>Expenditure Control Document not available to public</p> <p>Individual ministries (e.g. MOE) may voluntarily release information.</p>	Singapore's Audit Report should include financial statements for each Ministry as well as an assessment of how well the Government achieved its targets to serve the interests of the public. Australia's Audit Report is a good example to follow in this regard. ⁷³
	<p>8 <i>Audit Report</i></p> <p>A document issued by the country's watchdog organization that asserts to whether public resources have been utilized effectively.</p>	Usually requiring at least 6 months	<p>Completed within 3 months by the Auditor-General's Office and available to the public.</p> <p>However, there are no detailed financial statements about the country's expenditure in the past FY or any mention of whether and how targets were met, based on initiatives announced in the Budget for that FY.</p>	

⁷³ *The Auditor-General Annual Report 2012-2013*, The Australian National Audit Office

http://www.anao.gov.au/~/_media/Files/Annual%20Reports/Annual%20Reports/2012%202013%20Annual%20Report/2012%202013%20Annual%20Report%20PDE.pdf

78. In addition, there is currently highly restricted public access to data that have been disaggregated. We have analysed the types of data available publicly and found that while some data, such as that pertaining to educational attainment and senior citizens, have been disaggregated in terms of gender or age, there is no information of correlations with ethnicity, income, ability of persons or marital status. We are particularly concerned about missing data on income across all agencies, given Singapore's Gini Co-efficient of 0.478 in 2012.⁷⁴
79. To come to grips with the real situation on the ground, correlations need to be drawn using multiple social differences like gender and ethnicity, gender and age, gender and income, gender and ability, and gender and marital status. This will enable us to understand differences in the vulnerability and varying needs among different groups of women in Singapore. This would further enable a more precise allocation of scarce resources to those who are truly in need – for example, not just elderly women, but also knowing who are the elderly poor women, the elderly, poor and disabled women, as well as the elderly, poor and disabled women from ethnic minorities. We may expect that those experiencing multiple disadvantages to be in greater need than others.
80. We understand that there is an Expenditure Control Document which provides information on the detailed allocation of the expenditure budgets by Ministries⁷⁵ including expenditure down to activity level⁷⁶. However, this document is currently not available to the public.
81. The availability of detailed information about Budget expenditure is key in determining the transparency of the Budget. The Freedom of Information (FOI) legislation, currently enacted in countries such as Japan, Australia and New Zealand⁷⁷, is crucial in promoting the right of citizens to information upon request. Singapore should enact similar legislation.
82. Recently, the Straits Times *Singapolitics* discussion site reported that when MP Zainal Sapari asked Senior Parliamentary Secretary of Education Hawazi Daipi about the pay for principals, Mr Hawazi did not provide any figures. Upon a detailed request by Mr Sapari, Mr Hawazi responded that he ““did not think it useful” to release numbers, having already outlined the ministry's existing principles and policies.⁷⁸ However, these “policies and principles” are not enough for citizens and even MPs to understand the extent to which Ministry allocations and expenditures are serving the needs of the public. This level of specificity about the Budget is therefore critical to maintain public trust and

⁷⁴ *Key Household Income Trends, 2012*, Department of Statistics http://www.singstat.gov.sg/Publications/publications_and_papers/household_income_and_expenditure/pp-s19.pdf

⁷⁵ *Annual Budget Cycle and the Budgeting Process*, Civil Service College <https://www.ccollege.gov.sg/programmes/Documents/Annual%20Budget%20Cycle%20draft%20Ver%202.docx>

⁷⁶ *Explanatory Notes for Budget 2013*, Ministry of Finance http://www.mof.gov.sg/budget_2013/revenue_expenditure/attachment/01%20Explanatory%20Notes.pdf

⁷⁷ *Access to information laws: Overview and statutory goals*, <http://right2info.org/access-to-information-laws>

⁷⁸ *MP queries Education Ministry on pay for principals*, *Singapolitics* (ST) <http://www.singapolitics.sg/news/mp-queries-education-ministry-pay-principals>

accountability. In 2008, then Senior Minister Goh Chok Tong stated that “there must be accountability and transparency,” in all successful political systems.⁷⁹

83. Some information may be deemed too sensitive for the public on security grounds, but more detailed discussion is needed to determine what falls within that category. There is no reason why details about the pay for principals, for example, should be considered sensitive. Ministers must provide information when asked, especially if the answers do not concern national security. It is not for Ministers to decide what is useful and what is not. As Parliament is not an adequate venue for citizens to obtain information, we need a Freedom of Information Act to obtain information that Ministers decide to withhold without good reason.

Recommendation 9:

- Make available to the public data disaggregated by key factors, including gender, age, ethnicity, income, ability of persons and marital status.
- Singapore should make the Expenditure Control Document public.
- Ministers must provide information when asked in Parliament and Singapore should enact a Freedom of Information Act

84. Dr Noeleen Heyzer, a Singaporean who is undersecretary-general at the United Nations, said, “Budgeting is no longer... an exclusive exercise” reserved only for ministries of Finance, but rather, “a process that entails aligning national development plans and goals and human rights commitments with budget policies in a transparent and coherent manner.”⁸⁰

85. Earlier and better-quality information on the Budget process can give citizens a greater stake in the nation and increase their sense of ownership and participation. As stated by the Auditor-General’s Office in its 2011 publication *Public Accountability*, “The citizens of Singapore are the ultimate owners of our nation’s financial resources. It is important that they understand and support the processes and systems that ensure public accountability.” We look forward to a more engaged and transparent Budget process in the years to come.



⁷⁹What is public accountability? Auditor- General’s Office <http://www.ago.gov.sg/doc/pa2nov11.pdf>

⁸⁰ Elson (2006: 1)

http://www.unifem.org/attachments/products/MonitoringGovernmentBudgetsComplianceCEDAW_eng.pdf

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