

Debate on ministries' budgets

S'pore way of helping better serves needs of low-wage workers

Giving layers of support meets varied needs better than minimum or living wage: Zaqy

Joanna Seow
Manpower Correspondent

The Singapore approach – providing multiple layers of support for low-wage workers and their families – meets the varied needs of individuals better than a minimum or living wage, Minister of State for Manpower Zaqy Mohamad said yesterday.

The cost of a key plank of such support – Workfare – is borne fully by the Government, and incomes have grown, particularly those of low-wage workers, he told Parliament.

Between 2012 and 2017, real wages of workers at the 20th percentile grew by 24 per cent in total, faster than incomes at the median, which grew by 21 per cent. This is for Singaporeans in full-time work, including employer contributions to the Central Provident Fund, and before government transfers.

Low-income Singaporean households also saw household income grow by about 26 per cent in real terms over those years, higher than the 24 per cent for households at the median, said Mr Zaqy.

At the same time, the employment rate for Singaporeans and permanent residents aged 25 to 64 remained high, at about 80 per cent.

Speaking on efforts to tackle inequality and ensure social mobility, Mr Zaqy said the Government must stay focused on three strategies to continue getting such outcomes.

First, maintain a thriving economy with a tight labour market, and create better jobs.

Second, strive for quality growth based on productivity improvements that all Singaporeans can benefit from.

Third, support lower-income workers in general and in specific sectors to ensure they can progress with the rest of the workforce.

One key support measure is the Workfare Income Supplement

(WIS) scheme, which is being enhanced to help more workers.

Finance Minister Heng Swee Keat said in his Budget speech last month that the qualifying income cap for WIS will be raised from the current \$2,000 to \$2,300 per month from January next year. The maximum annual payouts will also be increased by up to \$400.

These enhancements will lead to almost \$1 billion being paid out to close to 440,000 WIS recipients next year, including some self-employed people, Mr Zaqy noted. The Government will continue to review the scheme regularly, he said.

Older workers will continue to get higher payouts, as they have less runway to upgrade their skills and save for retirement compared with younger workers, he said, replying to labour MP Zainal Sapari (Pasir Ris-Punggol GRC) on removing the age differentiation.

Mr Zaqy also said that from 2007 to 2017, 830,000 Singaporeans received \$5.5 billion in Workfare payouts.

The cost of this wage top-up is not passed on to employers or consumers, he said, adding that there are also other forms of government support, such as Utilities-Save rebates and medical subsidies under the Community Health Assist Scheme, to help low-income workers meet their living needs.

"Our approach of providing multi-layered support is more responsive to the varied needs of individuals than any single minimum or living wage," he said.

There have also been efforts to raise the skills and productivity of low-wage workers. Since the Progressive Wage Model (PWM) was implemented to set out career pathways and minimum pay for various skill levels in the security, landscape and cleaning sectors, workers there have seen positive real wage growth, said Mr Zaqy.

Between 2012 and 2017, resident full-time security guards, land-



MORE EFFECTIVE HELP

Our approach of providing multi-layered support is more responsive to the varied needs of individuals than any single minimum or living wage.



MINISTER OF STATE FOR MANPOWER ZAQY MOHAMAD

Broad range of support for workers

About 830,000 Singaporeans have benefited from \$5.5 billion in Workfare payouts in the last decade¹.

Annual government spending on Workfare will grow to almost \$1 billion in 2020.

Real gross monthly incomes of workers at the 20th percentile kept pace with the median income over the past decade².

Employment rate for residents rose from 76.5% in 2007 to 80.7% in 2017.

For Singaporean households at the 20th percentile, real incomes grew by about 40% cumulatively. In comparison, key Organisation for Economic Cooperation and Development countries³ experienced low or negative income growth.



HOLISTIC SUPPORT FOR WORKFARE RECIPIENTS

OVER 90%

receive Utilities-Save (U-Save) rebates and GST vouchers.

4 IN 10

receive medical and dental subsidies under the Community Health Assist Scheme.

75% of Workfare recipients own their homes.



CASE 1: Madam Goh Geok Kee (Auntie Geok), 64, her husband and 24-year-old son

Auntie Geok lives with her husband and 24-year-old undergraduate son in a 3-room flat.

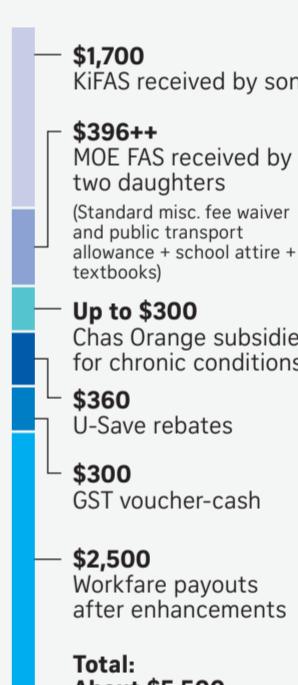
- Under the Progressive Wage Model, Auntie Geok's salary has increased cumulatively by 60% since 2012.
 - Both Auntie Geok and her husband receive Workfare in their jobs, which helps with household expenses. From 2020, Workfare enhancements will give Auntie Geok 25% more allowance. (Total of \$333 per month, \$200 into CPF and \$133 as cash)
 - Auntie Geok, her husband, and her son each have the Chas Blue card. They receive highly subsidised medical and dental services at Chas clinics.
 - Auntie Geok's household expenses are helped by GST vouchers and U-Save rebates.
- \$4,000**
CDC/CCC Bursary* received by son
*Administered by the Community Development Councils (CDCs) and the Citizens Consultative Committees (CCCs).
- Up to \$480**
Chas Blue subsidies for chronic conditions
- \$360**
U-Save Rebates
- \$300**
GST voucher-Cash
- \$4,000**
Workfare payouts after enhancements
- Total:**
About \$9,000



CASE 2: Mr Gunasegaran s/o Sellaya (Mr Guna), 49, his wife, three young children and his elderly mother

Mr Guna works as a supervisor, managing eight other cleaners. He and his wife live in a 3-room flat with their three young children. Mr Guna also has an elderly mother.

- Mr Guna receives Workfare monthly to top up his salary and build up his retirement savings.
- Mr Guna's two daughters in primary school are on the Ministry of Education Financial Assistance (MOE FAS) Scheme. The scheme waives the standard miscellaneous fees, covers the costs of textbooks and school attire, and provides them with \$120 of public transport credits per year.
- Mr Guna's son receives Kindergarten Financial Assistance Scheme (Kifas) subsidies. With Kifas, Mr Guna enjoys 99% of monthly kindergarten fee assistance, paying only \$1 per month.
- Mr Guna's retired mother has a Chas Orange card and receives subsidised care at Chas clinics.
- Mr Guna's household expenses are also helped by GST vouchers and U-Save rebates.



NOTE: [1] Between 2007 and 2017. [2] Incomes of full-time employed citizens (before government transfers) at both the 20th percentile and median grew at about 30% cumulatively. [3] Real household income growth at the 20th percentile (cumulative): Finland (16% from 2003 to 2013), UK (3% from 2003 to 2013), US (-8% from 2003 to 2013), Hong Kong (-2% from 2001 to 2011). Source: MOF Occasional Paper "Income Growth, Inequality and Mobility Trends in Singapore", August 2015.

Source: MINISTRY OF MANPOWER STRAITS TIMES GRAPHIC

scape maintenance workers and cleaners had real wage increases of 23 per cent, 36 per cent and 44 per cent, respectively, compared with 21 per cent for the median resident

worker, not including employer CPF contributions. Over 70,000 resident workers have benefited from the PWM so far, said Mr Zaqy. The model is being extended as a

compulsory requirement in the lift maintenance sector next. The Ministry of Manpower will also explore facilitating the use of the model on a voluntary basis in other sectors.

Voluntary PWMS have been set up in the public transport and healthcare sectors.

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Needy Singaporeans to get more in monthly aid

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Needy Singaporeans will get more financial aid each month from the Government.

From July 1, a single person on the ComCare Long-Term Assistance scheme will get \$600 a month, up from \$500. Two-person households will get \$1,000 a month, up from \$870 now.

The scheme, also known as Public Assistance, provides a cash sum each month to destitute persons who cannot work permanently as a result of old age or illness, and have little or no family support.

Most are elderly Singaporeans, and recipients also get other help, such as with their medical bills. The increase in Long-Term Assistance quantum will benefit some 4,000 households.

Recipients of Long-Term Assistance will get help as long as they remain eligible for the scheme.

New beneficiaries of the ComCare Short-to-Medium-Term Assistance (SMTA) and those who have their SMTA aid renewed after July 1 can also expect more money.

Minister for Social and Family Development Desmond Lee said in Parliament yesterday: "We also provide ComCare Short-to-Medium-Term Assistance to help families tide over difficult times and regain stability. For example, those whose breadwinners are temporarily unable to work, looking for jobs or earning a low income



Madam Lee Ah Chah, 77, who lives alone in a rental flat, will get \$600 a month now. She is divorced and estranged from her sons. ST PHOTO: SAHIBA CHAUDHARY

may receive temporary support.

"We have similarly reviewed ComCare SMTA to keep pace with living expenses and changes in expenditure patterns."

Mr Lee said the amounts given to SMTA recipients vary, depending on their needs and financial circumstances.

The Ministry of Social and Family Development's (MSF) spokesman gave an example of a family of two living in a one-room HDB rental flat with one person earning \$500 from working part-time, and the family getting about \$360 a month from the SMTA to supplement their income.

The household can expect an increase of about \$200 in aid from July.

The length of monetary aid given also varies from case to case, but in a parliamentary reply last month, Mr Lee said he would consider the suggestion.

\$400 was given to families on the SMTA each month, and the median length of help received was about six months. From 2015 to 2017, between 14,000 and 16,000 households received the SMTA at any point in time.

Mr Lee announced the increases in ComCare quanta in response to questions from Dr Lily Neo (Jalan Besar GRC) and Mr Seah Kian Peng (Marine Parade GRC), who asked about the efforts to strengthen the aid given to vulnerable families.

Mr Lee said that in the past decade, the MSF has reviewed and adjusted the ComCare rates every two to three years. The last review was in 2016.

Mr Seah also asked if ComCare reviews and increments could be made more frequently, and Mr Lee said he would consider the suggestion.

For Madam Lee Ah Chah, 77, an extra \$100 is very good news. She now gets \$500 each month from the Public Assistance scheme.

She is divorced, estranged from her two sons and lives alone in a two-room rental flat. She stopped work as a cleaner over a decade ago to take care of her ailing mother.

She suffers from asthma and other illnesses, and said it is hard to find a job, given her age and health, even if she wants to work.

To make ends meet, she is very thrifty and often cooks simple meals. Fish and seafood are a luxury, she said.

"I am very thankful to the Government. With more money, I can buy better food at times to treat myself. I also hope to save some money for emergency use."

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ComCare Long-Term Assistance scheme

Household type	Current rates	New rates (from July 1)
1 person	\$500	\$600
2 persons	\$870	\$1,000
3 persons	\$1,130	\$1,400
4 persons	\$1,450	\$1,750

Source: MINISTRY OF SOCIAL AND FAMILY DEVELOPMENT STRAITS TIMES GRAPHICS

To provide a more coordinated and comprehensive support for poor and vulnerable families with multiple woes, the Ministry of Social and Family Development (MSF) is looking to bring together groups to run social service and other programmes at or near rental block precincts.

The MSF will set up the first four social service hubs, to be called Community Link (ComLink), in Jalan Kokoh, Marsiling, Kembangan-Chai Chee and Boon Lay over the next two years.

They were chosen as there are a sizeable number of families with children living in rental flats there, and the locations are spread across the island.

Minister for Social and Family Development Desmond Lee said in Parliament yesterday that the social service offices (SSO) will work with charities, government agencies, grassroots groups and other partners to engage families to get a better understanding of their needs and to provide relevant programmes and services like parenting workshops or night-time student care services.

The SSO administers the Government's financial aid schemes.

Mr Lee said: "Most importantly, ComLink will develop a sense of community and mutual help, with neighbours supporting one another in their journeys."

He was replying to Dr Lily Neo (Jalan Besar GRC) and Mr Seah Kian Peng (Marine Parade GRC),

who asked for more details about ComLink.

In response to Dr Neo's question on ComLink's outreach efforts, Mr Lee said that they will proactively reach out to families, starting with those with young children, to understand what they are going through and their aspirations, to help them.

Mr Alvin Goh, cluster director of family services at Methodist Welfare Services, hopes ComLink will build up neighbourhood networks and not focus only on running programmes administered by charities or government agencies.

Mr Lee also shared the MSF's plans to start a pilot Localised Community Network (LCN) programme in the Boon Lay and Jurong West region to come up with ways to better support at-risk youth and their families.

This comes under the work of the National Committee on Prevention, Rehabilitation and Recidivism.

The LCN will facilitate data sharing between relevant government agencies and their partners to ensure the youth get targeted aid.

Mr Lee said: "Without proactive early support and intervention, some of these students may underperform or start to skip school."

"Yet, these are young people with potential and promise, and we want to ensure they have the best chances in life."

Theresa Tan