

Responding to Socio-Economic Diversity

Responses of Individuals

Individuals can play their part and respond by contributing their time, effort and money to meet areas of need in society. For example:

- They can start ground-up initiatives and mobilise resources to distribute food to those in need.
- They can also volunteer with existing organisations to provide services to other groups in society, such as helping out at mobile clinics.

Example 1 (Free Food For All)

Free Food For All
<p>In 2014, Mr Nizar Mohamed Shariff started a charity called Free Food For All (FFFA) to provide nutritious halal food to the less fortunate, regardless of their race or religion.</p> <p>Initially focused on delivering freshly cooked meals, FFFA now offers different food options and channels, which include ready-to-eat (RTE) meals, fresh vegetables, groceries and a weekly stocked community fridge. They also collaborate with other food businesses to cater RTE meals for their beneficiaries.</p> <p>In 2021 alone, FFFA served more than 160,000 meals, which include RTE meals to more than 1,000 families a month.</p>

Another way that an individual can respond is by adopting an attitude of **grit** and perseverance. This attitude helps strengthen the individual's resilience and motivation to overcome the economic challenges of their situation.

Example 2 (Happy People Helping People)

Happy People Helping People

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Ms Fiona Ke grew up in an environment where her family found it difficult to meet their basic needs. Her father left the family when she was around six years old, and her mother struggled alone to raise Ms Ke and her siblings. Motivated to give her mother a comfortable life, Ms Ke studied hard from an early age. She decided to become a nurse as she wanted to help other people. With hard work and financial aid from various organisations, Ms Ke fulfilled her dream of becoming a nurse.

In her second year of working as a nurse, Ms Ke found out that she had a hole in her heart and later had to undergo surgery. Her experience as a patient helped her develop more empathy for her patients.

Benefiting from the help given by various charities while growing up, Ms Ke believes in giving back to society. She helps out at a mobile clinic for the elderly and volunteers with Happy People Helping People, a non-profit organisation which provides food for elderly cardboard collectors. She hopes to start her own mobile clinic for the elderly in the future.

Responses of Community Groups

In a socio-economically diverse country like Singapore, there are some groups in society who may not have enough resources and opportunities to progress. This can lead to challenges with accessing healthcare and education, which can affect their quality of life and opportunities for social mobility.

Formal and informal community groups can step in by providing support in the form of financial aid, guidance and resources.

Example 1 (Daughters of Tomorrow (DOT))

Daughters of Tomorrow

Daughters of Tomorrow (DOT) is a formal community group that conduct programmes to help women aged 20 to 60 upgrade their skills and find jobs. Most of these women come from low-income families or live in subsidised rental flats.

DOT's financial literacy programme is a series of four weekly workshops followed by seven months with a support group. The women learn good money-management skills and progress towards their financial goals.

Example 2 (Keeping Hope Alive (KHA))

Keeping Hope Alive

Keeping Hope Alive

Keeping Hope Alive (KHA) is an informal group whose volunteers offer their time and skills to help the less privileged in Singapore. Every Sunday, about 50 to 60 volunteers conduct door-to-door visits to one and two-room rental flats to look out for residents who are in need and take action to meet their needs. These actions taken include cleaning their homes, fixing and replacing their home appliances, and providing them with haircuts.

From a single volunteer, KHA has grown into a large community of individuals who share the common goal of improving the quality of life of low-income families in Singapore

Responses of Governments

Different governments adopt different approaches to manage the issues related to socio-economic diversity. In this section, you will explore aspects of:

- the government-financed approach adopted in Sweden; and
- the shared-responsibility approach adopted in Singapore

Government-financed Approach in Sweden

Healthcare

Healthcare services such as hospital care, medicine, dental care, disability support and rehabilitation services are publicly funded.

- All families are covered by a medical protection scheme.
- Children in the household can claim up to 2,466 Swedish kronor (about \$330) in a year from the government.
- Since 2019, dental care costs are free for local residents up to the age of 23. Dental care from the age of 24 is subsidised.

Education

Education is funded by the government and provided to all Swedes.

- Education is compulsory from ages 6 to 16.
 - Sweden provides a free school lunch to every child.
 - All students have access to a school doctor, school nurse, psychologist and school welfare officer at no cost.
- Tuition fees for tertiary education are fully subsidised for Swedish residents.

Housing

Allowance is provided to lower-income individuals or families who need help to pay for housing or housing fees for their own home.

- Families may receive housing allowance if they live with children and pay more than 1,400 Swedish kronor (about \$190) for their housing.
- For the elderly with low or no income, they are entitled to a housing supplement which

acts as a form of financial support.

Skills Training

The Swedish Public Employment Service provides training to equip individuals with skills to increase their chances of employment.

- Free vocational courses are provided to train individuals from diverse backgrounds for industries that lack skilled workers.
- Applicants for these courses must be registered as a job seeker with the Swedish Public Employment Service.
- Applicants must be:
 - above 25 years old;
 - under 25 years old and have a disability; or
 - over 18 years and have circumstances that make it difficult for them to be employed.

In Sweden's government-financed approach, the provision of substantial assistance and financial support ensures that citizens and individuals of different socio-economic backgrounds have access to healthcare, education, housing and employment. This also ensures that the needs of the elderly, citizens with illnesses or disabilities, and those with young children are provided for.

Challenges faced by Sweden

High Taxation Rate

The social benefits provided by the Swedish government, such as lengthy parental leave, unemployment allowances, healthcare and free education, are made possible by the high taxation rate in Sweden.

- In 2019, the highest income earners in Sweden pay income taxes of 57.2 per cent, which is one of the highest in the world.
- Besides direct taxation in the form of income tax, there is also indirect taxation in the form of Value-Added Tax (VAT), which is similar to the Goods and Services Tax (GST) in Singapore. In 2019, VAT in Sweden was 25 per cent.

Ageing Population

Swedish elder care is largely funded by taxes and government grants. In 2018, the total cost of elder care in Sweden was 126.3 billion kronor (\$17.2 billion). This amount is set to increase as the country's population continues to age.

Sweden's life expectancy is one of the highest in the world - 80.6 years for men and close to 84.3 years for women. More than 5 per cent of Sweden's population is aged 80 or older. With an ageing population and high life expectancy, government spending will increase over time, especially in the areas of health and long-term care.

However, as more people retire, it will be a smaller working population to bear this increased cost. There will be a need to increase employment rates, lengthen the employment years of those still working, or raise taxes on the working population.

High immigrant unemployment rates

Sweden has one of the larger immigrant populations among the European countries. However, there are several challenges in integrating immigrants into the workforce, which widens the income gap between them and other citizens.

Challenges integrating immigrants into the workplace

Mismatch between skills and jobs

- Immigrants may not have received educational opportunities in their home countries, leaving them unable to take up unfilled jobs in Sweden.
- This has resulted in high unemployment for low-skilled workers and immigrants

Difficulty in assessing skills

- If an immigrant's training experience was not in Sweden, employers have difficulties assessing their actual competency.
- The processing time for foreign qualifications is long.
- These have resulted in highly educated immigrants with foreign qualifications facing challenges in finding suitable jobs.

Shared-responsibility approach in Singapore

Singapore adopts a shared-responsibility approach where many helping hands such as individuals and families, community groups and the government work together to address issues related to socio-economic diversity and meet the needs of society.

Individuals play an important role in making the effort to support themselves and their family members. However, some individuals may not have enough resources to take care of themselves or their family members. Hence, community groups and the government step in to support them.

The government provides targeted assistance to individuals and families who are unable to provide for themselves and where support from community groups is inadequate. This targeted assistance takes the form of subsidies, financial assistance and skills training to increase their employability.

Subsidies for essential services

Healthcare

- One example is Singapore's healthcare financing system, which emphasises individual responsibility and affordable healthcare for all.
 - The government adopts multiple tiers of protection to ensure accessible and affordable healthcare for all Singaporeans.
 - Government Subsidies
 - Helps to reduce the cost to the patient. For hospitalisation in public hospitals, subsidy goes up to 80%.
 - MediShield Life
 - Pays for large hospital bills and selected outpatient treatments.
 - MediSave

- Helps to pay for your medical expenses or that of your immediate family members.
- MediFund
 - Helps those who are unable to afford their subsidised medical bills.
- While Singaporeans save for their own or their dependents' healthcare needs through the CPF MediSave Account, the government provides subsidies to reduce medical costs for Singaporeans

Education

- Another example takes the form of preschool subsidies to ensure that all children have access to quality education for a good start in life, regardless of their family background.
 - While parents pay for preschool fees, government subsidies across all eligible income tiers have increased.
 - From January 2020, lower-income families earning \$3000 or less per month pay \$3 per month at preschool centres under the Anchor Operator Scheme funded by the government.

Housing

- Public housing subsidies are also provided to ensure affordable housing opportunities for Singaporeans.
 - While Singaporeans pay for their home purchase in cash or with their CPF savings, the government has put in place various housing grant and rental housing schemes to ensure that housing opportunities are kept affordable for Singaporeans.

Social and community assistance to provide targeted support for lower-income Singaporeans

- Long-term assistance is provided for persons who are permanently unable to work due to old age, illness or disability and have little to no income, savings and family support.
- Short-to-medium-term financial support is provided to help families and individuals tide over difficult times and regain stability.

Vouchers to provide more support for lower to middle-income Singaporean households

- Some areas of support provided by the permanent GST Voucher scheme are:
 - Some cash payouts in August every year to support lower-income Singaporeans with their immediate needs.
 - Quarterly U-save rebates to help lower and middle-income HDB households offset their utility bills.

Opportunities for upskilling and training

- The programs and initiatives under SkillsFuture Singapore gives students and working adults access to training and courses to continually upskill and equip themselves with industry-relevant skills.
- The Workfare Skills Support scheme provides training allowance and cash awards to

encourage low-wage Singaporeans to upgrade their skills.

Challenges faced by Singapore

Ageing Population

By 2030, the percentage of seniors will more than double, while citizens aged 20 to 63 will decrease. This will increase demands on government funding for healthcare and other social services to meet the needs of a larger ageing population.

With a life expectancy of close to 85 years, Singaporeans are living longer. Between 2010 and 2019, the government tripled its healthcare expenditure to \$11.3 billion to meet the growing needs of seniors and ensure that every Singaporean has access to affordable and quality healthcare.

The increasingly heavy cost of supporting an ageing population would affect the working population. With fewer working adults supporting more older people, the cost each working adult needs to shoulder would be higher.

Having fewer working adults would also affect the vibrancy of Singapore's economy. There would be lower productivity, which may lead to decreased economic output. This would result in slower economic growth for the country. If this happens, Singapore would not be able to sustain its resources to care for the elderly and people in need.

Increase in taxation

The Singapore government plans to increase the GST from 7 to 9 per cent gradually from 2023 to 2024. The higher government revenue will help to meet the needs of the population, particularly in healthcare spending.

In Singapore, higher-income earners pay a proportionally higher tax, with the highest personal income tax rate at 22 per cent as at 2021. It is estimated that more than 60 per cent of tax earned from households and individuals is paid by foreigners residing in Singapore, tourists and the top 20 percent of resident households.

Singapore's competitive tax rates are attractive to high earners and entrepreneurs who want to live and do business in Singapore. If taxes keep increasing, this may deter foreigners and tourists from residing in or coming to Singapore.

Limitations in upskilling and training

In the annual pre-budget 2020 Feedback Exercise conducted by REACH, a governmental feedback unit, many respondents who were aged 60 and above shared that they were not sure if attending courses would be sufficient to increase their chances of employment. They also shared that a mindset shift in employers would also be needed so that older workers are valued, accepted and accommodated.

By 2030, with the retirement age set at 65 and re-employment age at 70, mature workers will need more support to continue working for longer.

- Without employment support for mature workers, it would be hard for employers to retain and hire them.
- They may also not be able to advance in their jobs, earning wages that may not be

enough to support their needs.