



ThinkingAloud

As GST goes up, is it time to rethink support from Govt?

As prices stay high and Singaporeans get older, some are calling for more government help. But what kind of help do they need, and where should the money come from?



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For many, getting older stirs mixed feelings of anticipation – finally, retirement! – and anxiety for the future.

With one in four citizens here aged 65 and older by 2030, more Singaporeans will have to grapple with the challenges of living longer, from maintaining job security and health, to caregiving and finances. As seniors become more well-educated and have richer work experience, they, too, are likely to be more vocal about their needs and wants.

How can their expectations be funded sustainably? Is government aid a universal right of citizenship, or should it be targeted at the poor? These and other burning questions were tackled in a recent study on ageing-related policies by researchers from the National University of Singapore.

As part of the study, two workshops were conducted with 82 citizens of different ages and socio-economic backgrounds. Participants took a survey before the first workshop to establish their baseline sentiments on policies, and were surveyed again after the second workshop to

measure the change in their opinions.

MORE HELP WANTED FOR CAREGIVING AND HEALTH

When asked how they would make use of an extra \$10,000 per person for age-related government policies and programmes, participants cited the following:

- Health (\$2,900)
- Caregiving, to help with physical mobility (\$1,700)
- Transfer payments to seniors (\$1,700)
- Housing (\$1,200)
- Social and emotional support (\$1,200)
- Transport (\$970)

Health and caregiving were top-of-mind. Those in the sandwiched generation were worried about sacrificing their wages and time, should they become caregivers for their elderly family members and children.

They felt that the Home Caregiving Grant – \$200 a month in cash to support family members with at least permanent moderate disability – was not enough to tip the balance in making the decision to take on caregiving responsibilities easier.

They also wanted the state to come up with nursing care and broader caregiving arrangements, including those to manage dementia among the growing number of seniors.

Middle-income participants felt they did not have the heavily subsidised support that lower-income households enjoy. Means-testing, they said, is too blunt an instrument, especially for those who are asset-rich yet cash-poor. They proposed assistance that is more attuned to the health rather than socio-economic status of seniors.

What about caregivers whose work is unpaid and invisible? The study suggests that tax reliefs and having caregivers' savings multiplied through the Central Provident Fund (CPF), compared with just having family members contribute to their personal bank accounts, can move the needle.

Today, the maximum annual tax relief for cash top-ups to family members' Special/Retirement Accounts and/or MediSave Accounts is \$8,000 – not a huge sum considering that some caregivers have to completely give up work, and hence their retirement security, to look after an unwell senior.

One solution is to extend this tax incentive so that caregivers have up to the Basic Retirement Sum for CPF Life, or achieve a payout equivalent to it, said Institute of Policy Studies deputy director for research and senior

Deliberative public engagement – getting people to consider relevant information from different points of view, discuss the issues and options, and develop their thinking together – can make a difference, as shown in the discernible shift between raw and informed opinion. It is also useful when the policy or decision in question involves complex issues, different values, and degrees of understanding.

research fellow Gillian Koh, who is one of the study's co-authors.

"The difference would be to either remove the current cap of \$8,000 or provide more leeway to reach a sensible limit, so that anyone who is a caregiver has that assurance of a basic payout sum from CPF upon reaching 65 years of age," she said, adding that a more ambitious target could be the Full Retirement Sum.

Depending on whether the support is more generous or restrained, some criteria can be set, such as whether there has been significant disruption to a person's earnings. More discussion and design work are needed to identify a suitable upper limit for the top-ups. But as Dr Koh pointed out, this is not an insurmountable problem.

WHERE WILL THE MONEY COME FROM?

At first, the participants' preferred sources to fund the increase in public expenditure were:

- Corporate tax (\$2,200)
- National reserves (\$2,100)
- Income tax (\$1,600)
- Stamp duty on purchases of property (\$1,600)
- Goods and services tax (\$1,300)
- Carbon tax (\$1,200)

This isn't surprising; people the world over love taxing corporates and the rich. But what's interesting is that after they attended the workshops, 15.2 per cent of the participants said the Government should draw more on GST to meet demands for ageing-related social support.

There was a distinct shift in attitudes towards the use of GST when the policy trade-offs – as well as greater help for lower-income households, such as permanent GST vouchers and cash transfers through the Assurance Package – were explained to them.

There's an educational dimension here: Participants with only post-secondary education were more likely than those with polytechnic diplomas, university degrees or other professional qualifications to indicate support for generating more resources from GST.

This is because those in the

lower socio-economic strata, of which education is a proxy indicator, understood that they would benefit significantly from the help.

Another notable point is that participants ranked the national reserves second highest among the funding sources.

Not only did this not decrease after the workshops, but 8.3 per cent of the participants allocated even more to the reserves to finance expanded age-related policies. A similar proportion of participants also allocated more to property tax.

Does this mean that Singaporeans expect the Government to tap its own resources before relying on individual efforts or families? Not quite: The participants said in the same breath that they planned to save more and get more help from family and friends.

"Our participants were very fair – they see it as a shared national issue and adopted a sense of collective responsibility in their idea of an equitable distribution of burden," said Dr Koh.

"This is probably what drove them to say that they have to plan to save more and receive more help from family and friends, but they also hoped the Government would provide more resources through the national reserves, while all consumers and corporate citizens could also afford to pay a higher GST."

In the end, it is because the state has the power to organise things at scale, that Singaporeans trust that it can introduce system-wide policies to make them universal, standardised and fair.

BRIDGING PEOPLE AND THE STATE

Where there is sometimes a disconnect, said the study, is when the public ask for change and concessions, and their leaders seemingly downplay these concerns or argue that help already exists.

"Together, there is an ongoing cycle of frustration for both parties," it added. "Participants questioned both the criteria for gauging if a policy is successful (or a failure as the case may be), and how these were communicated to the public."

This is why the Forward Singapore conversations are important, as they have the potential to more effectively engage the public on policy thinking, such as the need for the GST hike to support an ageing population.

Beyond Forward SG, government agencies, community, grassroots and social organisations all have a role to play in helping and guiding Singaporeans. This guidance can even be on an individual basis and at key milestones in people's lives.

The study's participants had, for example, asked the Government to propose a ballpark figure on how much to save for retirement, and an automatic process for activating ageing policies once they are no longer of sound mind. The more senior participants tended to hold a more "paternalistic" view of the Government's responsibilities, and wanted a one-stop shop to address their concerns.

THE NEED TO ENGAGE

At the end of the workshops, participants were more confident about being able to afford the healthcare and physical care they need in their senior years.

Nothing about the policies themselves had changed. These shifts in sentiment took place simply by allowing for deep deliberation with the input of the researchers, an expert panel, and government officials who were on hand to respond to participants' questions.

What does this mean for policymaking?

First, that deliberative public engagement – getting people to consider relevant information from different points of view, discuss the issues and options, and develop their thinking together – can make a difference, as shown in the discernible shift between raw and informed opinion. It is also useful when the policy or decision in question involves complex issues, different values, and degrees of understanding.

More broadly, substance, messaging and process are all essential and intertwined in policymaking. Amid the shifting sands of public opinion, head and heart must come together in order for Singaporeans to better understand government policies, and for the Government to secure their buy-in.

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