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Budget 2024

Spending billions on ageing well must be followed with close measure of outcomes

To maintain fiscal prudence, the returns on our investments must be long-term and turn the nation's challenges into opportunities.

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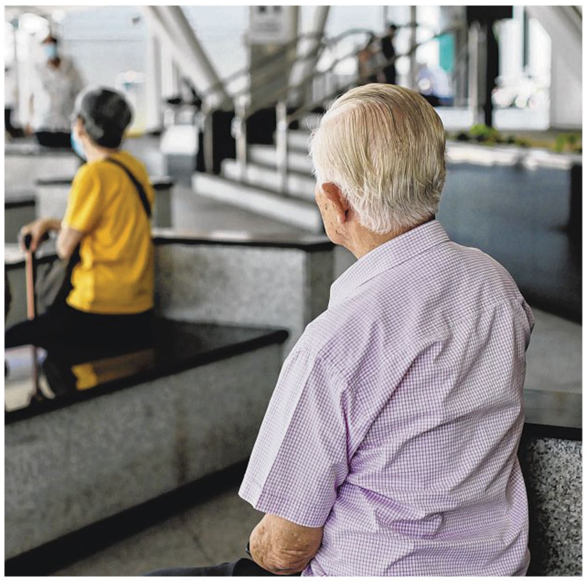

An older population should not be narrowly seen as a challenge to overcome or a problem to mitigate, say the writers. Smart investments and timely transfer of resources can pave the way for older Singaporeans to age well and contribute as productive citizens.
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The 2024 Budget was introduced as the first instalment of the Forward Singapore programmes, which, in the words of Deputy Prime Minister and Finance Minister Lawrence Wong, aims to "turn every challenge into opportunity, and every vulnerability into strength".

Singapore's ageing population is one of the nation's key challenges that can lead to many vulnerabilities without strategic interventions.

Already, healthcare spending has tripled over the past decade and will continue to tighten Singapore's fiscal space. At the same time, the shrinking pool of younger Singaporeans will need more support to shoulder ever-greater responsibilities.

However, an older population should not be narrowly seen as a challenge to overcome or a problem to mitigate.

Smart investments and timely transfer of resources can pave the way for older Singaporeans to age well and contribute as productive citizens. This could unlock a distinct demographic dividend — one tied to older but productive and healthy Singaporeans.

STRUCTURING PUBLIC EXPENDITURE AS INVESTMENTS

To be able to achieve this, expenditure in the Budget must be purposefully aimed at tackling the problem in order to yield those desired outcomes.

What this means is that the slew of subsidies and transfer packages should not be seen as mere handouts or benefits for the short term or for making life easier for today's beneficiaries.

Behind each policy, there must be clear and targeted outcomes which are returns of the resources invested on different segments of society.

As taxpayers and citizens building the future together with the Government, Singaporeans also have the responsibility to shape those outcomes, and ensure that they are measurable.

To uphold fiscal prudence and sustainability, we should also ensure that the returns or outcomes of our investments are long-term and can turn the nation's challenges into opportunities.

This sort of smart investment can be encapsulated by the saying "a stitch in time saves nine" – by wisely managing our revenue and expenditures, we can reap benefits and avoid potential future costs that might arise if we hadn't made those timely investments.

AGE WELL SG A CLEAR SOCIAL INVESTMENT

The new Age Well SG programme is an example of such an investment. It was announced that $3.5 billion will be invested to expand the network of active ageing centres, develop assisted living options, and introduce senior-friendly features in our communities. These are hard and soft infrastructure targeted at transforming Singapore into a place where seniors can age actively and independently.

These outcomes are generally straightforward. However, to have an idea whether this sum is sufficient or too much, or how it weighs up against other expenditures like the Pioneer and Merdeka Generation packages, we will have to look at the longer-term and wider implications.

If the interventions under Age Well SG deliver on preventive care, it means that time, money, and mental and emotional stresses can be saved not just for the elderly but also the younger carers and family members. Where the elderly have longer productive lives, society as a whole can also benefit from their tangible and intangible contributions.

It is therefore not about paying now or later; rather, it is about investing what is necessary now to save in the future.

SKILLSFUTURE LEVEL-UP CAN ALSO BE A SMART INVESTMENT

While Age Well SG is a targeted programme designed to address the requirements of our ageing demographic, it is essential to recognise that significant socio-economic challenges require multifaceted solutions.

In this context, it means looking at how even policies related to employment and education can also turn the challenges of our ageing population into opportunities.

For example, the SkillsFuture Level-Up Programme can potentially be a timely intervention that empowers and equips Singaporeans in their middle-age years and increases the longevity of their productive years. The Level-Up Programme builds on the existing SkillsFuture to better support mid-career workers by giving all Singaporeans aged 40 and above a top-up in SkillsFuture credit of $4,000.

More significantly, this group of Singaporeans will also receive subsidies to pursue another full-time diploma at polytechnics, the Institute of Technical Education and arts institutions. A monthly training allowance equivalent to 50 per cent of one's average income (capped at $3,000 a month) will also be given for up to 24 months of training.

These are big moves from the basic $500 credit that SkillsFuture started with, and the resources needed will also be significant.

What returns should we then expect from such an investment?

IMPACT OF OUTCOMES

In his Budget 2024 speech, DPM Wong specified that participants of the Level-Up Programme should "be assured of better employability outcomes after they have completed their training".

This process of evaluating, tracking and attributing outcomes to the training programmes will not be easy. However, it is critical that this is done in order to justify our spending and also ensure that the implementation of the programme is focused on delivering results.

In addition to tracking immediate employment outcomes, it's crucial to monitor the effects of these investments on the training and education of middle-aged Singaporeans and how they influence their prospects as they age.

Being intentional and clear about expected outcomes of interventions ensures that the impact can be tracked and articulated. This requires consensus on how outcomes are defined and the metrics that should be used to quantify the effects. A comprehensive description of these desired outcomes can also provide clarity on the kind of data we need and how to use it.

If participants in the Level-Up Programme gain about five additional productive years in the workforce, we might want to learn about the implications on their health, outlook and even family's circumstances when they are in their retirement years.

Information on hospital admissions, Central Provident Fund accumulation and the financial health of households will be useful to provide understanding on how the resources have translated into different outcomes.

For instance, if the group of Singaporeans that underwent SkillsFuture Level-Up had overall fewer days spent in hospital in their retirement years compared with their counterparts who did not undergo the programme, some connection between mid-career education and long-term health can be drawn and further studied.

This would be an opportunity to ensure that the data collected and shared under Healthier SG and Data.gov.sg is not just to build up repositories, but is meaningfully utilised to articulate what works and what does not.

The Institute of Policy Studies carried out research using the National Transfer of Accounts – an accounting framework to study the flow of resources across generations in Singapore – and found results that could justify the need to understand how domain-specific factors have outcomes with broad impacts on the country. For example, the study on education and age structure found that both factors had a roughly equal role in contributing to the economic support ratio at the beginning of the nation's growth.

In the later decades, the ageing population would have been less favourable to the economy. However, as the highest qualification attained by Singaporeans continued to rise through the 2010s, education took on a large role in contributing to the economy, thereby sustaining the growth of the country.

One intuition from this might be that the benefits from education, especially those that derived from investments in a K-12 education system, can diminish as Singapore ages rapidly in the coming decades.

However, that does not have to be the case if programmes like SkillsFuture Level-Up are able to broaden the group of citizens undertaking meaningful education and skills upgrading over their longer lives.

If we are able to measure and justify the positive outcomes delivered from the transfer of resources across generations, it strengthens our social compact as the Government and people will be able to find that shared conviction and invest in the things that work.

In striving to ensure that our spendings become investments with clear returns, there is also the benefit of facilitating cross-sectoral collaboration. In the example of SkillsFuture Level-Up, being able to show the gains of transfer from education to areas of health will make a good case for valuing the contributions of different groups.

Tackling the challenges of our ageing population therefore will not come out of the Ministry of Health's expenditure alone. Instead, all hands are on deck as employment, education and other sectors share their resources and responsibilities to build Singapore's future together.

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