

# **DPM Teo Chee Hean's Speech on Population at the 2012 Committee of Supply**

## **Preamble**

I would like to thank Members for their questions and suggestions. Let me start with a brief overview of changes in our resident population in the past year.

In 2011, 30,922 babies were born to Singapore citizens, slightly more than in 2010. We also took in 15,777 new citizens.

18,000 – 20,000 citizenship applications were granted each year in previous years. A similar number were granted citizenship in-principle in 2011. However, new citizens now have to go through the Singapore Citizenship Journey which helps new citizens better appreciate our history, norms and values. This process takes about two months to complete. Hence, about 4,000 applicants who began their citizenship formalities in late 2011 will be granted citizenship only in early 2012.

We took in 27,521 new Permanent Residents, or PRs, last year. The size of the PR population has remained relatively stable in the last few years.

## **Growing Strong Singaporean Families**

Sir, strong families are the bedrock of our society, enabling our Singaporean values and way of life to be passed on from generation to generation. Mr Seah Kian Peng, Mr Gerald Giam and Mr Zaqy Mohamad asked for additional support to encourage marriage and parenthood in order to raise our birth rates. I welcome all these suggestions. We will study them, but as Mr Seah said, perhaps not this year but in the future.

Our declining birth rates, like in other developed societies, especially East Asian urbanised ones like Japan, Taiwan and Hong Kong, have come together with rising singlehood, later marriages, and married couples having fewer children.

We have invested sizeable resources to support Singaporeans in getting married and having children and these have just been put in place in recent years. So I think we should wait and see the impact of these major measures that have been taken. Our Marriage and Parenthood package was raised from \$500 million in 2001, to \$800 million in 2004. And in 2008, it was doubled to \$1.6 billion a year. This is a comprehensive package comprising a broad range of measures such as the Baby Bonus, child care and infant care subsidies, maternity and child care leave, as well as tax benefits for parents. Beyond the Marriage and Parenthood package, the Government has also invested heavily in education, healthcare and housing to create a pro-family environment. And we will do more, particularly in the pre-school segment. Ultimately, it is the values and social attitudes of Singaporeans in their 20s, 30s and 40s which will determine whether they decide to marry and have children. To support and encourage them, we will continue to fine-tune our policies and measures.

## Enhancements to the Child Development Account (CDA)

Apart from the Baby Bonus cash gift of up to \$6,000 for the first to fourth child of every family, we also introduced the Child Development Account, or CDA, in 2001. Since 2001, the Government has provided co-matching deposits in the accounts of over 200,000 children, amounting to close to \$1 billion. Deposits are matched by the Government up to a cap ranging from \$6,000 to \$18,000 per child, depending on the birth order of the child. The CDA savings can be used for the developmental needs of the children and their siblings, such as child care, kindergarten and healthcare. Currently, the CDA savings account can be used from birth till the child is six years old. After that, the remaining amount is transferred to the Post Secondary Education Account for use when the child proceeds for studies in an approved post-secondary education institution, such as one of our local universities, polytechnics or ITEs. Many children have substantial savings in their CDAs at age six, while their parents still face many needed expenses for them. We will thus enhance the way that parents can use the CDA to better support the needs of their children during these important growing years.

First, we will extend the age when the CDA savings account can be used, from up to the age of six previously, to up to the age of 12. With this, parents will have six more years to use the CDA funds for the child and his siblings.

Second, we will expand the scope of approved uses for CDA. This will now include expenses at pharmacies, opticians as well as providers of assistive technology devices such as hearing and visual aids for children with disabilities. This will give parents more flexibility in using CDA funds for expenses directly related to raising their child. We will implement the changes to the CDA in the second half of 2012 and more details will be announced by MCYS later today.

## Introduction of the Long Term Visit Pass Plus

Several members have asked if our immigration policy can be more accommodating towards foreigners who have lived in Singapore for many years. Our objective is to take in immigrants who can contribute and integrate well into our society.

Applications for PR and citizenship are carefully evaluated on a set of comprehensive criteria which include the individual's economic contributions, qualifications, age, and family ties. For those who are married to Singaporeans, we consider the length of their marriage, whether they have Singaporean children, and whether their sponsor is able to support the family financially.

As we have tightened our immigration framework, it has become more difficult to qualify for PR or citizenship. There is however, still the option of applying for other immigration facilities such as work passes, social visit passes, dependant's passes or long term visit passes.

Mr Ang is quite correct to say that more Singaporeans are marrying non-citizens. In 2010, 30% of marriages involving citizens were between a citizen and a foreigner. This is up from 23% in the year 2000. We do not fully understand the sociology and stresses within these marriages but we will study this further. We will also study the suggestion of marriage counselling, but a number of these marriages are forged overseas, before we have any opportunity to step in to do counselling. While foreign spouses do not automatically qualify for citizenship or PR, most of those who do not, will qualify for a Long Term Visit Pass, or LTVP. Many of those on LTVP do eventually become

PRs or naturalise as citizens after they have been married for some time, and their marriages are stable.

Dr Intan, Mr Hri Kumar Nair, Mr Muhd Faisal and Mr Ang asked if the Government could do more to help foreign spouses of Singaporeans, especially those with Singaporean children. I do agree that we can do more to help such families build more stable and stronger foundations. We sympathise with these families. But we have also seen the other side of the problem, where the foreign spouse who has received PR suddenly divorces and leaves the Singaporean spouse. We have also seen Singapore citizens who have asked the immigration department to get the ex-foreign spouse to leave Singapore. So we would like to see that the marriages are stable and have been in existence for a substantial period of time before we give longer term immigration facilities, which place an obligation on Singapore and Singaporeans to support this person for the long term. But I do agree that we can do more.

To provide more support to the family of a Singaporean with a foreign spouse who has not yet been given PR or citizenship, we will introduce a new scheme, known as the Long Term Visit Pass Plus or LTVP+ from 1 April 2012.

First, the scheme provides foreign spouses of citizens with greater certainty of stay. The LTVP+ will be for a duration of three years in the first instance and up to five years for each subsequent renewal, instead of the current shorter periods of typically one year.

Second, LTVP+ holders will receive healthcare subsidies for inpatient treatment at Restructured Hospitals, pegged at a level close to that for PRs, that is, about the same rates as PRs even though they have not yet been given PR.

Third, it will be easier for LTVP+ holders to work to supplement the family income. They will only require a Letter of Consent from MOM to work, which can be easily obtained through online application.

To qualify for LTVP+, factors such as the length of marriage and whether there are citizen children in the family will be considered. More details will be announced by ICA later today.

## **Working-Age Citizen Population Shrinking as Baby Boomers Retire**

Let me now touch on the broader population challenges we face, and what these mean for our future.

We will soon have to confront the twin effects of our low fertility and our ageing population. 2012 is a demographic turning point. Our first cohort of post-war Baby Boomers, that is those born between 1947 and 1965, will start turning 65 years old from this year. Live births in Singapore peaked at around 62,500 in 1958. From now till 2030, Singapore will experience an unprecedented age shift, as over 900,000 Baby Boomers, more than a quarter of the current citizen population, retire from the workforce and enter their silver years. At current birth rates and without immigration, more than 1 in 4 citizens will be aged 65 and over in 2030. The median age of our citizens will rise to 47 from 39 today.

Today, there are currently about 7 citizens in the working-ages from 15 to 64 years, to each citizen aged 65 and above. (See [Chart 1](#)). By 2030, the number of elderly citizens will triple to 900,000, but they will be supported by a smaller base of working-age citizens. (See [Chart 2](#)). This is a result of the declining trend in our birth rates which have been below the replacement level over the last 35 years. By 2030, there will only be 2.3 working-age citizens to each citizen aged 65 and above. (See [Chart 3](#)). You can see the difference between where we are today and in 2030, if birth rates remain as they are and there is no immigration.

As more citizens retire and with fewer entering the working-age band, the number of citizens of working-age will start to shrink. Today, for every citizen retiring, say at 65 years old, we have about 2.2 entering the working-age band, that is, the working-age citizen population is still growing. (See [Chart 4](#)). Within the next decade, this situation will start to reverse, and the pool of working-age citizens will stop growing, and then start to shrink. By 2030, for every citizen retiring, we will only have about 0.6 citizens entering the working-age pool. <sup>1</sup> (See [Chart 5](#)). Without immigration, we will face a shrinking workforce and the prospect of a shrinking economy. This challenging situation is compounded by the need to support a significantly larger elderly population at the same time.

The effect on our citizen population will be dramatic. Post 2030, our population will start to decline sharply, and our median age will rise steadily. (See [Chart 6](#)). The median age of our citizens will rise to 53 in 2050 from 39 today.

We can already see this happening in Japan. Japan's population has been in decline since 2005. Between 2000 and 2010, Japan's workforce shrank by 0.3% a year and will decline even more sharply in the coming decades.<sup>2</sup> By 2060, Japan's population is projected to shrink by a third from the current 128 million to 87 million.<sup>3</sup> These are the grim realities Japan faces as it grapples with the effects of a fast ageing society.

## **A Sustainable Population Strategy**

We too will have to tackle the challenges of an ageing population and a shrinking citizen workforce. Our population policies will be guided by our overarching aim to build an enduring nation and home for Singaporeans.

We will work hard to foster a supportive environment to encourage more Singaporeans to get married and start families. Singapore must remain a good home, where opportunities abound for our children.

Mr Inderjit Singh is right to point out that Singaporeans have always been welcoming towards new citizens who can contribute and integrate well into our society, especially since most Singaporeans are themselves second or third generation immigrants. Indeed in this House we have members who were not born in Singapore, and are now Singaporeans and fully contributing members of society. And I am sure the overwhelming majority would have at least one parent or grandparent not born in Singapore. Over time, Singaporeans have taken pride in our unique heritage, and the shared values and norms that we have evolved over several decades as a nation. Quite naturally, we expect that our new immigrants should adapt to our values and norms, and we get upset if they have not yet done so.

However, I do agree with Mr Singh that we should not let recent reactions towards new immigrants and foreigners undo the good job that we have done in building a strong and cohesive society out of people from many lands.

Our ongoing studies show that most of our new immigrants adapt well to life in Singapore, and have good relations with their Singaporean neighbours and colleagues.

With time, our new citizens will become familiar with Singapore's norms and culture. With goodwill and patience on all sides, we can reach out, build a common sense of identity and work together towards a shared future.

The National Integration Council will continue to look at ways to enhance relations between locals and new immigrants and help new immigrants better adapt to Singapore's culture and norms. On scholarships, PSC scholarships are only given to Singaporeans.

Another group in our population is our foreign workforce. There has been extensive debate on foreign workers in the Budget Debate and I will not go into detail here.

## **White Paper on Population**

While we face serious demographic challenges and difficult trade-offs in managing population growth, Singapore has a good foundation on which we can build our future. I thank Mr Lim Wee Kiak and other Members for their comments and questions on Singapore's future population.

Our most critical long-term issue is to develop a sustainable population strategy that will maintain the vitality of Singapore, strengthen our harmonious multi-ethnic society, and enable Singaporeans to achieve their life aspirations. As we do so, we will engage Singaporeans and ensure that the views, aspirations and concerns of our people are considered. The National Population and Talent Division (NPTD) in the Prime Minister's Office is comprehensively examining our population goals and policies. In the course of the year, NPTD will work with other agencies, engage stakeholders and members of the public through dialogues and online channels to discuss these issues holistically, including the size and composition of our population. These will impact on issues such as land use and infrastructure planning, as several Members have alluded to.

We will incorporate the inputs in a White Paper on Population that we intend to release by the end of this year. Through this process, we hope to bring to light issues that are important to Singapore and Singaporeans, and develop a shared understanding of our strategies to build a sustainable population that secures Singapore's future.

<sup>1</sup> Assumes no immigration

<sup>2</sup> The Japanese Statistics Bureau: <http://www.stat.go.jp/english/data/chouki/02.htm>

<sup>3</sup> Japan's National Institute of Population and Social Security Research