Unemployment-Related Benefits Systems in Singapore

June 2000

Prepared by

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We gratefully acknowledge the assistance given to us by many people in this research project. More specifically, we would like to thank Ms Tan Li San, Assistant Divisional Director for Permanent Secretary, Ministry of Manpower; Mr Abdullah Tarmugi, The Minister for Community Development; Mr Chan Heng Wing, Consul-General of the Republic of Singapore; Dr William K.M. LEE, Associate Professor of Department of Politics & Sociology, Lingnan University, Prof Nelson Chow, Chair of Social Work and Social Administration, the University of Hong Kong and Prof Tee-liang NGIAM, Acting Head of Department of Social Work and Psychology, National University of Singapore.
EXECUTIVE SUMMARY

1. Singapore does not implement any unemployment benefits system dedicated to helping the unemployed. It is because the government considers the best way to assist individuals who are retrenched or unemployed is to help them seek re-employment instead of handing out financial support such as unemployment benefits.

2. The unemployed can get financial assistance from some public assistance schemes to alleviate their immediate financial hardship such as: Public Assistance Scheme, Interim (Short Term) Financial Assistance, Rent and Utilities Assistance Scheme and Medifund. Also, there are some other financial assistance schemes rendered by non-government agencies. However, all these schemes aim to provide assistance to those who are “less fortunate” and are not confined to the unemployed.

3. As the major source of cash relief, the Public Assistance Scheme does not guarantee adequate assistance to the unemployed. The level of benefits is 41% lower than the lowest 20% of household expenditure required for subsistence and the scheme is administered strictly and only half of the numbers of application are approved.

4. For the unemployed, the assistance provided by the government departments or non-government agencies mainly in the form of job training, course fee subsidization, counseling and job data bank services.
PART 1 - INTRODUCTION

1. Background

1.1 In October 1999, the Panel on Manpower and the Penal on Welfare Services requested the Research and Library Services (RLS) Division of the Legislative Council (LegCo) Secretariat to conduct a study on unemployment-related benefits systems.

2. Objectives and Scope

2.1 The objectives of the study are:

- to examine the experience of Mainland China, Taiwan, Malaysia, Singapore, South Korea, the United Kingdom (UK), and the United States (US) in implementing their unemployment-related benefits systems;
- to outline the research findings of the Organisation for Economic Co-operation and Development (OECD) and the Conventions and Recommendations of the International Labour Organisation (ILO) in unemployment benefits systems; and
- to make an overall comparative analysis of the experience in the above places in implementing their unemployment-related benefits systems, and study current provisions in helping the unemployed in Hong Kong.

2.2 The scope of the research, as agreed by the Panels, covers

- historical development;
- main features and components;
- eligibility requirements;
- types of benefits and amounts;
- duration of payment of benefits;
- tax treatment of the benefits;
- source of funds for the benefits; and
- administration of the unemployment-related benefits systems.
2.3 In this report, we will discuss the situation in Singapore. Although Singapore is a member country of the International Labour Organization, it has not ratified any of the three conventions concerning unemployment benefits\(^1\).

2.4 This report forms part of the series of studies discussing unemployment-related benefits systems. There are 11 other separate research reports (RP13/99-00 to RP23/99-00) on this subject.

2.5 In this research, "unemployment-related benefits" refer to unemployment benefits and related welfare benefits. Unemployment benefits comprise unemployment insurance and unemployment assistance. Unemployment benefits are available to the unemployed only. In other words, these benefits are not available to people who are not unemployed. The recipient must be currently unemployed, able to work, willing to work and looking for work. Where there are no unemployment benefits or where these benefits are exhausted, welfare benefits may be made available to provide subsistence for those in need. These related welfare benefits, as defined in the 1996 OECD study of "benefit systems and work incentives", include family benefits, housing benefits, child-care benefits and social assistance. They are made available to all citizens subject to a means-test, and are not specifically targeted at the unemployed.

3. Methodology

3.1 This study involves a combination of information collection, literature review and analysis.

3.2 Information has been obtained from relevant government organizations, a trade union and employers' association in Singapore. In addition, several scholars were interviewed.

3.3 In 1999, the average exchange rate of the Singapore currency was 4.5 Hong Kong dollars to one Singapore dollar.

\(^1\) The three conventions are (a) Ensuring Benefit or Allowances to the Involuntarily Unemployed Convention, 1934 (No. 44), (b) Social Security (Minimum Standards) Convention, 1952 (No. 102), and (c) Employment Promotion and Protection (Unemployment) Convention, 1988 (No. 168)
PART 2 - UNEMPLOYMENT BENEFITS SYSTEM IN SINGAPORE

4. Background

4.1 The total population of Singapore in 1999 was 3.9 million. In December 1999, the unemployment rate was 3.1% and the total labour force was 2 million. The Gross Domestic Product (GDP) and per capita GDP at current prices were about S$144 billion and S$37,000 in 1999.

4.2 Unemployment rate has been low in Singapore, around two per cent since 1990's, and poverty due to unemployment has not been an issue.

Table 1: Unemployment Rate in Singapore

<table>
<thead>
<tr>
<th>Year</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1990 Census</td>
<td>1.7</td>
</tr>
<tr>
<td>1991</td>
<td>1.9</td>
</tr>
<tr>
<td>1992</td>
<td>2.7</td>
</tr>
<tr>
<td>1993</td>
<td>2.7</td>
</tr>
<tr>
<td>1994</td>
<td>2.0</td>
</tr>
<tr>
<td>1995 GHS</td>
<td>2.0</td>
</tr>
<tr>
<td>1996</td>
<td>2.0</td>
</tr>
<tr>
<td>1997</td>
<td>1.8</td>
</tr>
<tr>
<td>1998</td>
<td>3.2</td>
</tr>
<tr>
<td>1999</td>
<td>3.1*</td>
</tr>
</tbody>
</table>

Source: The Labour Force Survey, Singapore Ministry of Manpower
GHS: General Household Survey
* December 1999 figure

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2 Key Annual Indicators as on 17 April 2000, Singapore Department of Statistics
3 Manpower Research and Statistics as on 28 April 2000, Singapore Ministry of Manpower
4 Key Manpower Statistics, Singapore Ministry of Manpower
5 Key Annual Indicators as on 17 April 2000, Singapore Department of Statistics
5. Unemployment Benefits System

5.1 There is no unemployment insurance or unemployment assistance dedicated to helping the unemployed in Singapore.

The Government’s View

5.2 The government adopts an approach to the issue of social safety nets to help those who are less fortunate (including those who are unemployed). And the government believes that:

“the best way to assist individuals who are retrenched or unemployed is to help them seek reemployment instead of handing out financial support such as unemployment benefits.”

“Our strategy has been to encourage economic self-reliance by promoting social mobility. Instead of providing large unemployment benefits and price support schemes, we prefer job creation and market competition. The provision of subsidies has been selective and confined mainly to education, healthcare, and public housing.”

Community Assistance to the Unemployed

5.3 An unemployed Singapore citizen when facing financial difficulties can get help by applying to a variety of community assistance programmes which are supported by the government. There are some financial assistance schemes which he/she can apply for: Public Assistance Scheme, Interim (Short Term) Financial Assistance, Rent and Utilities Assistance Scheme and Medifund. These schemes provide financial assistance to the unemployed according to his/her area of needs. Also, there are a number of financial assistance schemes rendered by non-government agencies. All these schemes aim to provide assistance to those who are “less fortunate” and are not only to the unemployed.

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6 Letter replied by the Director (Social Support) for Permanent Secretary, Singapore Ministry of Community Development, 27 March 2000
7 Letter replied by the Assistant Divisional Director for Permanent Secretary, Singapore Ministry of Manpower, 29 February 2000
8 Public speech by Richard Hu, the Minister for Finance and Chairman of the Monetary Authority of Singapore, 22 March 1997
PART 3 - RELATED WELFARE BENEFITS SYSTEM IN SINGAPORE

6. **Public Assistance Scheme**

6.1 This scheme is to assist Singaporeans who, due to old age, illness, disability or unfavorable family circumstances, are unable to work and have no means of subsistence. It is administered by the Ministry of Community Development. The amount of payment ranges from S$200 (HK$900) a month for an adult to a maximum of S$570 (HK$2,565) for a four-person household. Details of the amount of payment under this scheme are listed in Table 2.

Table 2 - Payment Rates under Public Assistance Scheme

<table>
<thead>
<tr>
<th>Household Structure</th>
<th>Rate (S$ per month)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-Person: 1 Adult</td>
<td>200</td>
</tr>
<tr>
<td>2-Persons: 2 Adult</td>
<td>295</td>
</tr>
<tr>
<td>1 Adult &amp; 1 Child</td>
<td>355</td>
</tr>
<tr>
<td>3-Persons: 3 Adults</td>
<td>370</td>
</tr>
<tr>
<td>2 Adults &amp; 1 Child</td>
<td>430</td>
</tr>
<tr>
<td>1 Adult &amp; 2 Children</td>
<td>475</td>
</tr>
<tr>
<td>4-Persons: 4 Adults</td>
<td>425</td>
</tr>
<tr>
<td>3 Adults &amp; 1 Child</td>
<td>485</td>
</tr>
<tr>
<td>2 Adults &amp; 2 Children</td>
<td>530</td>
</tr>
<tr>
<td>1 Adult &amp; 3 Children</td>
<td>570</td>
</tr>
<tr>
<td>5-Persons and above</td>
<td>570 (maximum)</td>
</tr>
</tbody>
</table>

Source: Homepage of the Ministry of Community Development, the Singapore government
6.2 No definite eligibility criteria are stipulated for this scheme. The scheme is administered strictly to exclude applicants who may receive support from their family, friends and relatives. In 1989, only half of the applications were approved and the number of claimants remained at a low level. We have not been able to obtain from the Ministry of Manpower of the Singapore Government the number and the proportion of successful applications under this scheme.

6.3 In the Report on the Household Expenditure Survey 1992/93, the lowest 20% of all household expenditure was S$970 (HK$4,365) and per person was S$290 (HK$1,305). The amount of cash relief available under the Public Assistance Scheme to a one-person household is 31% lower than the minimum expenditure per person. The maximum amount of cash relief available for a four-person household or above is S$570 (HK$2,565), which is 41% lower than the minimum household expenditure.

7. Interim (Short Term) Financial Assistance

7.1 This scheme is established for individuals or families who need short-term financial help to tide them over a difficult period. The amount of assistance varies, depending on individual or family circumstances. The scheme is administered by the Ministry of Community Development.

7.2 The financial assistance varies from approximately S$140 (HK$630) to maximum S$600 (HK$2,700) per month and the maximum assistance duration varies from two months to one year. Also, the eligibility criterion varies depending on the district of the Community Development Councils the needy resident applies to which the applicant resides. Please refer to Appendix I for details.

8. Rent and Utilities Assistance Scheme

8.1 Under the Rent and Utilities Assistance Scheme, families who are in arrears of rent, utilities charges, services and conservancy charges may receive financial aid under this scheme. It is administered by the National Council of Social Service. Please refer to Appendix II for details.

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9 In "The Poor in Singapore: Issues and Options", Ass. Prof. William Lee quoted only 53% of the applicants were successful, Journal of Contemporary Asia, Vol. 30, No. 4 (2000).

10 The Household Expenditure Survey has been conducted for every five years in Singapore. Request for updated information has been sent to the Singapore Ministry of Community Development, but no reply is received as of the date of publication of this report.

11 Summary of the Available Schemes for Individuals & Families in Distress (updated as at 20 Oct 1999), provided by the Director (Social Support) for Permanent Secretary, Singapore Ministry of Community Development, 27 March 2000
9. Medifund

Medifund is an endowment fund set up by the government in 1993 to help needy Singaporeans pay their medical bills. It provides the safety net for those who are so poor that they cannot even afford the charges at public hospitals and specialist out-patient clinics.\(^\text{13}\)

No special eligibility criteria are set for this fund, but the applicant must be a Singapore citizen who is receiving or will be receiving treatment at a Class B2 or Class C hospital ward and is a case in the Public Assistance scheme. The amount of financial assistance he receives depends on individual circumstances.\(^\text{14}\)

10. Other Schemes

Alongside with the above assistance schemes, there are some other assistance schemes such as Back-to-work Child Care Scheme and Government Child Care Subsidy administered by the Ministry of Community Development for families which have financial difficulties with his child-care and children educational expenses.

There are other financial assistance schemes administered by non-government agencies to help needy individuals and families. However, all these are not restricted to helping the unemployed only, and people who have difficulties in their daily life owing to old age, illness, disability or unfavorable family circumstances may apply for assistance under these schemes.

\(^{12}\) Component of the Central Provident Fund (CPF). In June 1999, the membership of the CPF was about 2.8 million. The CPF covers housing, insurance, health-care, education and retirement needs, but it provides no cash assistance to the unemployed.

\(^{13}\) “Health Care Expenditure and Financing in Singapore,” Research and Library Services Division, Legislative Council Secretariat, 9 July 1999, p.10

\(^{14}\) Ibid.
PART 4 – OTHER ASSISTANCE TO THE UNEMPLOYED

11. Skills Redevelopment

11.1 The Singapore government considers that for those who have lost their jobs, the priority should be to help them get back quickly on their feet by providing them with re-training in skills demanded by the market, and in assistance for job placement.\(^{15}\)

11.2 The assistance provided for the unemployed by the government departments or non-government agencies is mainly in the form of job training, course fee subsidization, counseling and job data bank services. For example, there are "Skills Re-development Programme" and "Education and Training Fund" administered by the National Trade Union Congress, "Interest-Free Loan Scheme for Skills Training and Upgrading" administered by the Ministry of Community Development and "Employment Placement Assistance Programme" administered by the Ministry of Manpower.

\(^{15}\) Information on Singapore's position on social safety nets, provided by the Director (Social Support) for Permanent Secretary, Singapore Ministry of Community Development, 27 March 2000
## Appendix I

<table>
<thead>
<tr>
<th>Interim (Short Term) Financial Assistance</th>
<th>a) Ang Mo Kio - Chang San Community Development Council (CDC)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>- Maximum assistance of 3 months, at a maximum of S$600 per month, will be given in cash and National Trade Union Congress (NTUC) vouchers to the needy residents.</td>
</tr>
<tr>
<td></td>
<td>- Eligibility Criteria:</td>
</tr>
<tr>
<td></td>
<td>• No fixed criteria, except:</td>
</tr>
<tr>
<td></td>
<td>• recipient must be Singaporean Citizen</td>
</tr>
<tr>
<td></td>
<td>• Per capita income must be below S$350</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>b) Bukit Timah CDC</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>- Assistance is given at a maximum of S$300 per month for 3 months.</td>
</tr>
<tr>
<td></td>
<td>- No fixed criteria, but depends on recommendations from social workers.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>c) Central Singapore CDC</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>- Assistance for 2 months at approximately S$140 per month will be given to residents in need.</td>
</tr>
<tr>
<td></td>
<td>- Eligibility Criteria:</td>
</tr>
<tr>
<td></td>
<td>• Must be applying for Public Assistance at the same time. (Applicants for Public Assistance are given interim financial assistance of up to 70% of the amount likely to be approved by Ministry of Community Development)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>d) Northeast CDC</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>- Maximum assistance for up to 1 year, depending on nature of problem, will be given to needy residents.</td>
</tr>
<tr>
<td></td>
<td>- No fixed eligibility criteria. It will be assessed on a case-by-case basis. So far, CDC has been approving cases referred by Family Service Centre, accompanied by social reports.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>e) Potong Pasir CDC</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>- One-time grant to residents struck by emergency or crisis, and need immediate financial aid. Amount given is on case-by-case basis.</td>
</tr>
<tr>
<td></td>
<td>- No fixed eligibility criteria.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>f) Sembawang - Hong Kah CDC</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>- It is for needy families faced with death of sole breadwinner, retrenchment, and situations where child's education is at stake. Assistance is given at maximum of S$300 per month for 3 months. The scheme does not pay for arrears and conservancy charges incurred.</td>
</tr>
<tr>
<td></td>
<td>- Eligibility Criteria:</td>
</tr>
<tr>
<td></td>
<td>• Monthly household income not exceeding S$800.</td>
</tr>
</tbody>
</table>

## Appendix II

<table>
<thead>
<tr>
<th>Rent &amp; Utilities Assistance Scheme (RUAS)</th>
<th>It is intended to assist families residing in 1 to 3-room Housing Development Board rental flats who are in arrears of rent, utilities charges and service &amp; conservancy charges to meet such payment.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Eligibility Criteria:</strong></td>
<td><strong>Income Criteria:</strong></td>
</tr>
<tr>
<td>• Single parent household with dependent children &amp; without other means of support.</td>
<td>• 1 person household - S$0 to S$240</td>
</tr>
<tr>
<td>• Family members suffering from chronic illness, or physical, or intellectual or mental disability.</td>
<td>• 2 person household - S$0 to S$450</td>
</tr>
<tr>
<td>• A household of elderly person/persons above age 60 years and without other means of support.</td>
<td>• 3 person household - S$0 to S$570</td>
</tr>
<tr>
<td>• Principal Wage Earner passed away, or abandoned or deserted the family, or separated from them.</td>
<td>• 4 person household - S$0 to S$710</td>
</tr>
</tbody>
</table>
| • Principal Wage Earner detained or imprisoned.                                      | | **Source:** Summary of the Available Assistance Schemes for Individuals & Families in Distress (updated as at 20 Oct 1999), Ministry of Community Development, The Singapore Government.
References:


19. Tan Li San (Ms), Asst Divisional Director for Permanent Secretary, Ministry of Manpower, the Singapore government, "Information on Singapore's position on social safety nets" and "Summary of the Available Schemes for Individuals & Families in Distress (updated as at 20 Oct 1999)," replied on "Research on unemployment benefits system: Singapore," 29 February 2000

20. Tong Min Way, Director (Social Support) for Permanent Secretary, Ministry of Community Development, the Singapore government, Letter replied on "Research on unemployment benefits system in Singapore," 27 March 2000

