

NATIONAL DAY RALLY

Retirement age, CPF rates for older workers to be raised: PM

Current economic slowdown does not demand stimulus efforts for now; climate change defences a top priority

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FROM helping older workers stay employed to tackling climate change, Prime Minister Lee Hsien Loong addressed major issues for Singapore's future in Sunday night's National Day Rally – while noting that the current economic slowdown does not warrant stimulus measures, for now.

To help older workers keep working and be more financially independent, the retirement and re-employment ages will be raised, along with their Central Provident Fund (CPF)

contribution rates – with no change to CPF withdrawal policies or ages.

In the even longer run, Singapore must think of climate change defences as an existential need, comparable to military defence, with possibly S\$100 billion needed to protect against rising sea levels, he said.

In his Chinese speech, Mr Lee spoke about the immediate challenges of growing tensions between the United States and China, and Singapore's economic slowdown.

Singapore is good friends with both China and the US, and wants to remain so, he said. In dealing with the

two, Singapore “must be principled in our approach, and not swayed by emotion”, he said.

“When we can agree with either country, we will do so. When we cannot, we must maintain and explain our stand. We hope that other countries understand that Singapore is a multi-racial and independent country, with its own position on issues.”

US-China tensions also affect the world economy. If the relations worsen, Singapore firms that export extensively to China will be hit, as will those that have factories in China and export to the US, he said. Nor can we expect firms to shift their manufacturing from China to Singapore.

With the weakening of global demand and trade, Singapore's growth this year has slowed, he noted. A temporary slump in electronics has also hit performance, and retail remains under pressure from e-commerce.

But other sectors have not been affected for now, and retrenchment and unemployment rates remain low, said Mr Lee. Labour union leaders have told him that while workers are worried, the slowdown has not significantly affected jobs so far.

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National Day Rally highlights

OLDER WORKERS

Retirement, re-employment ages to go up

- Retirement age to go from 62 to 63 in 2022, then to 65 by 2030
- Re-employment age to go from 67 to 68 in 2022, then to 70 by 2030

Higher CPF contribution rates

- CPF rates for workers aged above 55 to be raised in stages, starting in 2021 and taking about a decade
- CPF rates for those aged 60 and below to eventually be the same as those for younger workers

Support for firms

- Support package to help firms adjust, to be announced in Budget 2020

EDUCATION

Enhanced preschool subsidies

- Higher quantum across the board
- Additional subsidy income ceiling raised from S\$7,500 per month to S\$12,000 per month

Extension of KidSTART

- Scheme for children from low-income families to be extended, reaching another 5,000 children over the next three years

More affordable tertiary education

- Annual fees for full-time general degrees at Singapore Institute of Technology and Singapore University of Social Sciences lowered to S\$7,500
- Government bursaries for university raised from current level of up to 50 per cent of general degree fees, to up to 75 per cent; raised even more for medical courses
- Government bursaries for polytechnic diplomas raised from current level of up to 80 per cent, to up to 95 per cent

CLIMATE CHANGE

Coastal defences

- Singapore to examine options for defending against rising sea levels, from polders to reclaiming islands and creating a reservoir

Retirement age, CPF rates to be raised: PM

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"Therefore, the current situation does not warrant immediate stimulus measures. But if the situation gets worse, of course we will promptly respond with appropriate interventions to sustain the livelihoods of our workers," he assured the audience.

In his English speech, Mr Lee looked further into the future. With Singaporeans living longer and many wishing to work longer, the government will support employers and employees in enabling this.

The Tripartite Workgroup on Older Workers, set up last year, made four key recommendations that the government is accepting in full, he said.

First, to raise the retirement age from 62 today, to 65. Second, to raise the re-employment age from 67 today, to 70. Third, to increase CPF contributions for older workers. And fourth, to do all the above in gradual steps, by around 2030.

In 2021, the government will start raising CPF rates for workers above 55. The whole process will take about ten years, "but it will depend on economic conditions", said Mr Lee.

In 2022, both the retirement and re-employment ages will start to be raised. The public service will take the lead by doing so first, in 2021.

The government will help businesses adjust with a support package, to be announced in Budget 2020.

Looking much further ahead, Mr Lee turned to the issue of climate change. Singapore should treat climate change defences like the way it treats the Singapore Armed Forces, "with utmost seriousness", he said. "Work steadily at it, maintain a stable budget year after year, keep your eye on the target, and do it over many years and several generations."

The country must start now and



"We want every Singaporean son and daughter to have the opportunity to receive a good education, and start well in life, regardless of family circumstances," says Mr Lee. BT PHOTO: KEVIN LIM

sustain the effort, for the sake of future generations, he concluded.

Earlier in his speech, Mr Lee also spoke on enabling young Singaporeans to succeed, with moves to make preschool and tertiary education

more affordable.

The quantum of pre-school subsidies will be raised across the board. The income ceiling for additional subsidies will also be raised, allowing 30,000 more households to qualify.

Like public flats in the area of housing, and restructured hospitals in healthcare, Singapore must have "a good and affordable government-funded option for all Singaporeans" in pre-school as well, said Mr Lee.

"This is in fact our policy," he added. While just over half of pre-school places are government-supported today, this will be brought up over time to 80 per cent, "just like HDB".

"The younger ministers have a few more ideas to support couples to have more kids, and to keep HDB flats affordable," he said, adding that he would "leave these goodies to them to make the announcements later".

For tertiary education, fees for general degrees at Singapore Institute of Technology and the Singapore University of Social Sciences will be lowered.

Government bursaries will be raised for university general degrees, polytechnic diplomas, and medical degrees. These will apply to both existing and new students from the next academic year.

"We want every Singaporean son and daughter to have the opportunity to receive a good education, and start well in life, regardless of family circumstances," said Mr Lee.

He closed his speech with updates on the Greater Southern Waterfront, from housing and office space to recreation – another phase in Singapore's constant reinvention and redevelopment over the decades, alongside other ambitious plans such as Punggol Digital District and the redevelopment of Paya Lebar Airbase.

"All these will not be done in a decade, or even in one generation," said Mr Lee. "There will be space for successive generations to fill with their hopes and dreams. Each new generation will leave their mark on our city, as their predecessors have done."