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## **Singapore ahead in taking steps to addressing the aging workforce**

*But more can be done to attract new talent, retain key workers, and make essential organisational changes, says KPMG report*

Many public sector organisations in some of the world's key economies are not making adequate preparations to deal with the impact of aging populations on public services and the working environment. This is according to a new study from KPMG International titled *Rising to the challenge? The impact of an ageing population upon public sector services*.

The study, which surveyed public sector employees from Singapore, Australia, Canada, Germany, the Netherlands, South Africa, the UK and the US, found that many public servants around the world did not believe their organisations were taking adequate steps to cope with an older population.

An exception to this observation was Singapore and South Africa. 62 percent of respondents in Singapore and 55 percent of respondents in South Africa felt that their organisations have started addressing the challenges posed by the aging workforce.

Other countries surveyed however fell short of the mark. Only 37 percent of respondents in Canada, 28 percent in the US, 26 percent in Germany and 21 percent felt that the issue of the aging workforce had been taken seriously.

### **Public sector workforce takes a hit**

Population figures show that today, in most developed economies, there are around four working people for every person over 65. In Singapore, the ratio is expected to move from 10 to one to an astonishing four workers for every three elderly people by 2050.

Globally, the official forecasts predict that by 2050, in Australia, Canada, Germany and the UK, that figure will be around two to one.

Public service organisations themselves are likely to be affected as their workforces grow older. Eight out of 10 respondents from Singapore saw an aging public sector workforce as a significant challenge, compared with 73 percent in Australia, around 70 percent in Germany and South Africa, and 50 percent in the US.

"Based on the population forecasts, the resources per elderly person are likely to be scarce, so preparations need to be made now," said Ms **Lim Yen Suan**, Executive Director of KPMG Advisory Services. Demographic change is likely to have a profound effect on the public sector. They will need to meet the demands of a growing aging population, with a shrinking, less experienced workforce. A shrinking workforce will also mean a relative decline in tax revenues, which, along with the global economic crisis, puts intense pressure on public organisations to deliver more with less.

## **Innovative initiatives required**

“Much can be done to address these issues faced by public sector organisations,” noted Ms Lim. “As a start, the highest levels of the organisation should treat the aging workforce as a serious issue and ensure that they have a defined strategy and plan to counter this.”

“Demographic change is an unstoppable force. Consequently, the best talent will still be in short demand,” said Ms Lim. “Creating an attractive employer brand is paramount. The public sector has an outstanding proposition to sell to job seekers, offering exciting careers full of challenge, responsibility and variety – with competitive salaries and benefits. Packaging this effectively to the widest possible audience should help in recruiting the brightest and the best.”

Ms Lim also believes that knowledge and skills transfer should be urgently addressed before vital experience is lost. Making the most of the employees’ knowledge and experience, coupled with supporting continuing professional development have been identified as priorities in response to an aging workforce. She added: “Utilising the latest in good knowledge sharing practice, including mentoring, shadowing and Communities of Practice, can help ensure that the next generation of leaders receives the appropriate accelerated knowledge.”

“The pressures on efficiency are likely to be so intense that reshaping is inevitable. This is also an excellent opportunity for transformation and improvement,” noted Ms Lim. “By addressing issues such as performance management, strategic sourcing, and service/process harmonisation, the public sector can respond positively to these significant challenges.”

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## **Note to editors:**

### **About the survey**

The survey *Rising to the challenge? The impact of an ageing population upon public sector services* was carried out by Ipsos MORI for KPMG International in mid 2009.

The research covered respondents in Singapore, Australia, Canada, Germany, the Netherlands, South Africa, the UK and the USA.

The main responses were gathered via an online survey of 100 public sector employees in each of the eight countries above. Approximately 30 percent of those responding were managers, and 70 percent staff.

These results were augmented by twenty five extensive one-to-one telephone interviews with senior managers in public sector bodies across the eight countries. The interviewees were primarily HR and Financial Directors working in both central and local government.

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## Appendix: The Singapore experience

### Summary: Low fertility and a rapidly ageing population

- Singapore is likely to experience a severe shift in dependency as the population ages. However, the effect of this shift will be limited as it is spread out over the next 40 years.
- This shift is the result of a very low fertility rate and high life expectancy contributing to a rapidly ageing workforce.
- Singapore has already raised its retirement age to 62 as a response to demographic change and is looking to move it up to 65 in 2012 and 67 eventually.

Figure 1: Population by age group, gender, in 2000 and projected for 2050, as percentage of total population

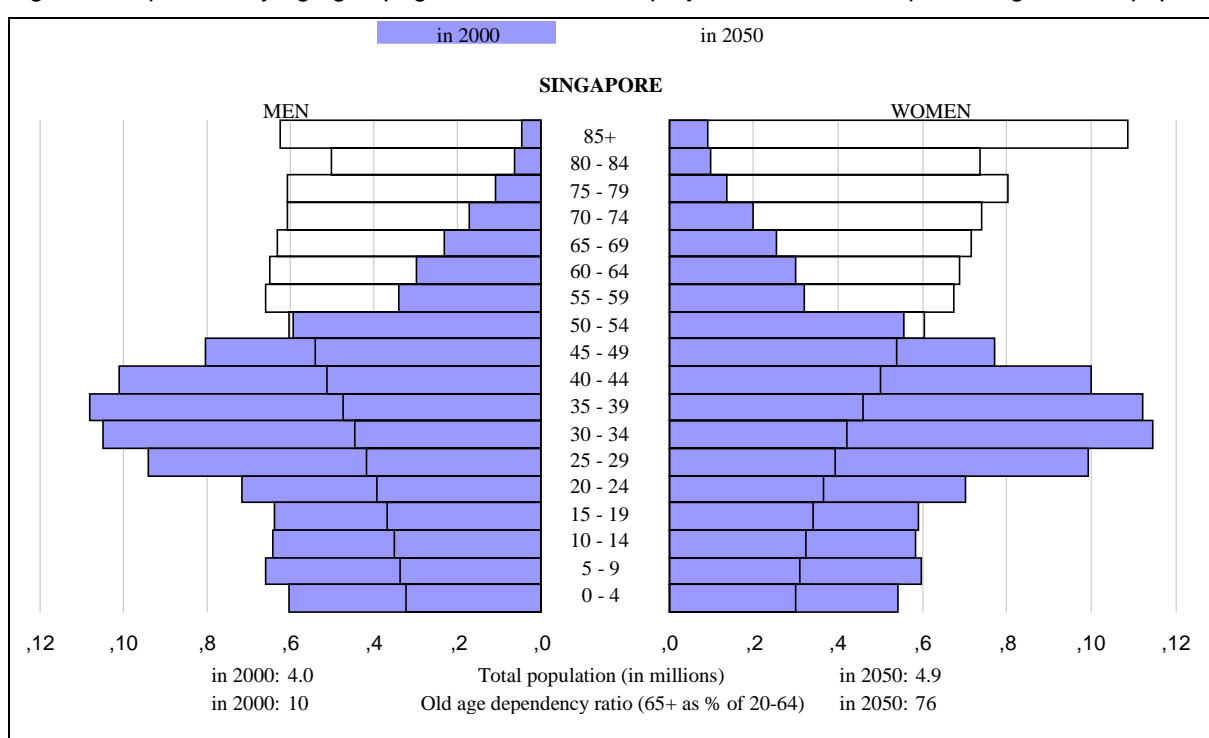


Figure 2: Selected statistics in 2009 and projected for 2050

	2009	2050
<b>Total population</b> (millions)	3.6	4.9
<b>Economically active population</b> (millions)	2.3	2.5(2020)
<b>Fertility rate</b> (children per woman)	1.3	1.6
<b>Life expectancy</b> (at birth)	80	84
<b>Diversity</b> (ethnic composition)	Chinese: 75% Malay: 14% Indian: 9%	n/a
<b>Infant mortality</b> (per 1,000 births)	3:1,000	3:1,000

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