The Policy Application and Policy Implications of NTA in Thailand

Office of the National Economic and Social Development Board Workshop on Effective Use of Data for Policy Making on Ageing 5-6 December 2017, Chiang Mai, Thailand
Thai NTA: Background

Uses of NTA in Thailand

Policy application of NTA in Thailand
Background of NTA in Thailand

NTA Regional Project supported by UNFPA and IDRC

2002-03

NTA of Thailand was compiled for the first time by
• Assoc. Prof. Mattana Pananiramai
• Dr. Amonthep Chawala
• Mr. Santichai In-orn

2006

NTA for 06 & 09 by TDRI
• Assoc. Prof. Mattana Pananiramai
• Assist. Prof. Nongnuch Soonthornchavakarn

2007-11

Sub-committee on Implementation of Population Policy and Plan agreed that NTA should be complied continuously & sustainably

2012

NESDB compiled NTA 2011 with supports from UNFPA

2013

Problems - High turnover of researchers, which caused inconsistencies between series
NTA Thailand under NESDB

Formulating a 5-year economic and social development plan

Giving policy recommendations and advice to the cabinet

Monitoring and evaluating National Plans and other related policies
Demographic situation

Thailand will enter the aged society in 2021 which compose of 20% elderly persons. This proportion will go up to 30% in 2036.

Decreasing labour force

Larger fiscal burden while reducing revenue collection capacity in the public sector

More dependency

Thai population structure, 2017 - 2036

Source: NESDB
Results: Life Cycle Deficit

Consumption and Labour Income, per capita value (THB), year 2013

- Thai population had an income surplus during the ages of 25-59.
- The rest age groups (0-24 and 60+), on the other hand, had consumption expenditure higher than their labor income and incurred a deficit.
Average education consumption is high in the compulsory education ages while health consumption increases with ages.

Education in Thailand is mainly financed by public sector, particularly the compulsory education.
Uses of NTA in Thai Policy Matters

- Results of NTA and the simulation on how changes in population structure would affect patterns of income and consumption in the future were incorporated in the drafting of 5 Years National Plan and the Long-term Population Plan.
Uses of NTA in Thai Policy Matters

Aggregate Labour Income & Consumption (Mil. Baht)

Both extending retirement age and increasing productivity will likely help raise aggregate labour income of the Thailand.

- YL0 = base case
- YL1 = raise retirement age
- YL2 = productivity increases 3% per annum
- YL3 = raise retirement age with 3% per annum productivity increase
Policy Advocacy: How can we prepare for rapid ageing process?

- **Increase the surplus of working age group** to support the higher deficit from an increasing size of dependent elderly.
  - Increase labour productivity.
  - Increase labour participation by encouraging elderly to work longer and promoting youth employment.

- **Promote healthy behaviours** to lessen health care cost especially from dependent elderly.

- **Ensure income security after retirement.**
Policy implication

Public expenditure for children were mainly on compulsory level

After age 24, education consumption dropped markedly

Public expenditure was lowest for working ages

Elderly financed most of their consumption from asset income

Start investing on early childhood

Promote life-long learning

Invest more on productivity

Consider establishing old-age security system
Thai people of all ages will have higher levels of essential skills, knowledge, and capabilities + capacity for continuous self-learning

- Parenting education
- Childhood development
- Quality education
- Labor demand and supply database + consultation
- Labour training center
- Saving encouragement
- Lifelong learning system

‘Well being’

young-old elderly people’s employment opportunity
Thank you

www.nesdb.go.t
**Method**

Simply follows the NTA Manual (2013)
Labor income is highest at age 35, with average income of THB 166,401 per person per year.

Then, the labor income gradually decline until reaching zero at the age of 90.

Compensation of employees accounts for larger share of labor income when population is in early working ages.

However, self-employed labor income has increasingly become the main source of labor income when population gets older.
Most of the consumption expenses are paid by private sectors.

Public consumption is large on education for children and health services for elderly.

Similarly, out of pocket education expense is made during childhood and out of pocket health care expense increases after retirement.