

Budget debate

DPM to businesses: Be creative and seize opportunities

Having ecosystems for innovation and strong local capabilities is key to Singapore's success

Choo Yun Ting

Businesses must be willing to bear the transitional pains, to be creative and resourceful, and to seize opportunities where others see challenges, Deputy Prime Minister Heng Swee Keat told Parliament yesterday.

He said Singapore must move fast to secure growth and jobs in the new economic landscape or face irrelevance as the global economy undergoes major changes, noting that the Republic's journey of economic transformation began four years ago when the Committee on the Future Economy was formed.

These efforts have boosted productivity and created more and better jobs for locals, he added.

Last year, 51 per cent of full-time employed local workers earned a gross monthly income of at least \$4,000, excluding employer Central Provident Fund contributions.

This compares with 37 per cent of local workers who earned at least \$4,000 in 2010, in today's dollars after adjusting for inflation.

Mr Heng, who is also Finance Minister, pointed out that Singapore is acting swiftly to secure its external economic space, to create new opportunities and room for manoeuvre in an increasingly fragmented economic order. It is also boosting the innovation, growth and transformation capacity of its enterprises and industries, he said.

Building up strong local capabilities and ecosystems for innovation, he added, is critical to the nation's

economic success and resilience.

Singapore has expanded its research and development investments into new areas and technologies, enabling it to transform its manufacturing and services sectors, as well as create new growth clusters in areas such as urban solutions and sustainability, and agri-food technology.

The Government is mobilising and partnering industries and firms to take ownership of their economic transformation, Mr Heng added. "Business leaders must have the mental agility and dynamism to experiment, and the resourcefulness to overcome constraints," he said, noting that these leaders will receive support from the Government from the Enterprise Leadership for Transformation (ELT) Programme, which was announced in this year's Budget.

Institutes of higher learning, such as the Singapore Management University, have also linked up with



Singapore Poultry Hub chief executive Joseph Heng (front, right) with the hub's five shareholders. With them is Mr Eric Tham (front, left) from United Overseas Bank, which furnished a \$40 million loan for the smart factory. PHOTO: UOB

Enterprise Singapore (ESG) to support the ELT programme, and ESG will bring more partners on board the programme in the coming months, he said.

He pointed out that partnership among businesses at an industry level is also important. "Even as businesses compete with one another and seek to differentiate themselves, cooperation can help them do better, such as by forming alliances to capture opportunities overseas or collaborating to test-bed sector-wide solutions."

He cited the Singapore Poultry Hub – a joint venture among five poultry producers and processors – as another example of how collabora-

tion between businesses reaped gains. "By working together, these poultry producers were able to achieve the scale needed to transform a labour-intensive process."

The hub's smart factory will harness emerging technologies to raise productivity by 26 per cent and production capacity by 70 per cent.

Mr Heng said the economic transformation efforts have begun to bear fruit. Besides more and better jobs being created, productivity has also grown in the last three years, and Singapore's enterprises are entering new markets.

The nation has continued to attract investment despite economic headwinds, with the Economic

BAND TOGETHER TO REAP GAINS

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DEPUTY PRIME MINISTER HENG SWEE KEAT

Development Board attracting \$15.2 billion of investment commitments last year, and local employment has also grown in the last 10 years, he noted.

He said: "At its heart, economic transformation involves the courage to brave transitional pains as we change the way we do things."

"If we can all move forward with the can-do spirit of initiative and partnership that we have shown in the past weeks, I am confident we will build strong firms that can grow and compete in the global arena, and create good jobs for all Singaporeans."

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Strengthen social compact to ensure everyone benefits from S'pore's growth

Sue-Ann Tan

As Singapore presses on with efforts to transform the economy and develop workers, it also has to strengthen its social compact to ensure that the benefits of growth reach everyone, including low-wage workers, middle-income families and retirees, Deputy Prime Minister Heng Swee Keat said yesterday.

Mr Heng, who is also Finance Minister, said the Budget this year provides further support for those who may face greater pressures.

"Some face difficulties with employment and ensuring that growth in their income keeps pace with inflation, despite their best efforts," he noted.

Businesses and the community have a role to play as well, he added, noting that more organisations and groups have stepped forward in this regard.

Nominated MP Walter The-seira, Mr Zainal Sapari (Pasir Ris-Punggol GRC) and Mr Png Eng Huat (Hougang) had spoken on the vulnerabilities of low-wage workers during the Budget debate this week.

Mr Heng said the Care and Support Package, which includes grocery vouchers to help with daily necessities, will support these workers and their families.

These initiatives come on the back of efforts such as enhancing Workfare for low-income workers, the Progressive Wage Model, which provides a structure for workers in some sectors to earn more through skills upgrading, and ComCare, a fund that provides social assistance.

He noted that mayors and the five Community Development Councils have put in place local assistance schemes to support residents.

Retirees who had low income in their working years and little to no family support will also get extra help through the enhancements to Silver Support. This will benefit 100,000 more seniors and raise



payouts by 20 per cent.

Middle-class families, who have to care for both their children and elderly parents, also get support, with more GST Voucher U-Save rebates for larger households and Passion Card top-ups for their parents.

Each parent with young or schoolgoing children will also get an extra \$100 cash payout.

These measures are in addition to extensive subsidies in education, healthcare and public housing. Last year, middle-income households received \$2 in benefits for every dollar in tax they paid.

Several MPs, including Mr Melvin Yong (Tanjong Pagar GRC), Mr Louis Ng (Nee Soon GRC) and Mr Desmond Choo (Tampines GRC), had spoken about the pressures these families

can face. Mr Heng said: "Supporting and strengthening families will always be a priority for us, and we will continue to look at how to do so effectively."

"Overall, the measures we have put in place over the past decade to provide good jobs for our people, develop them at all stages of life and support the vulnerable have made a decisive impact in narrowing the income gap."

The Gini co-efficient, which measures income inequality, after taxes and transfers, fell to 0.398 last year. This was the lowest since 2001.

Businesses and the community have growing roles to play as well in being inclusive and helping those in need through philanthropy and volunteering, said Mr Heng.

He noted that in 2018, individuals collectively donated \$2.1 billion through registered organisations, more than double the \$960 million donated in 2008.

Around one in two businesses here also gives back to the wider community through philanthropy and volunteering.

He also lauded the Nominated MPs for their work in various areas, from mental health to championing the arts.

"This is how we should rise to the challenge of inequality in this day and age – by coming together as one people to uplift the less privileged among us, with the state providing strong foundations of opportunity and support," said Mr Heng.

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An elderly cleaner washing a rubbish collection area in Toa Payoh. Deputy Prime Minister Heng Swee Keat said the Budget provides further support for those who may face greater pressures, such as with income and employment, but asks businesses to play their role as well, such as by being inclusive.

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Tackling climate change to secure S'pore's future

Danson Cheong

The efforts made to tackle climate change are long-term investments that represent the Government's commitment to coming generations of Singaporeans, said Deputy Prime Minister Heng Swee Keat.

This is an existential battle that Singapore, as a small, low-lying island state, is waging, and one that will take place over the long haul, he said yesterday in a speech to round up the debate on the Budget statement.

Fighting climate change was a major limb of this year's Budget. Mr Heng, who is also Finance Minister, had announced fresh measures to tackle this global problem, including phasing out petrol and diesel vehicles by 2040, expanding charging infrastructure for electric vehicles (EVs) and injecting \$5 billion into a new coastal and flood protection fund.

"I could have chosen instead to spend it on more *hong-bao*, or red packets, to make myself more popular," said Mr Heng, referring to the fund.

"But by making the commitment today, these resources will go towards pumps, tidal gates and infrastructure that will keep our children, and their children, safe from rising sea levels in decades to come."

Singapore, he said, has always risen to the challenge in the face of adversity and turned its "constraints into opportunities and strengths", as it has done in dealing with its limited water, land and manpower.

The country has an ambitious plan to meet the challenge of climate change, he added. "We are not only securing our coasts, but also transforming our sources of food and water, and remaking our entire economy and city for a green and sustainable future," he said.

The National Climate Change Secretariat is coordinating this inter-agency effort, he noted.

During the debate, MPs had asked about the Government's bet on electric vehicles (EVs), pointing out that a rebate it would offer on the Additional Registration Fee for such vehicles seemed insufficient.

Responding, Mr Heng said he expects the cost differential between EVs and conventional vehicles to drop as technology improves, but added that "a car-lite vision continues to be the main focus" of Singapore's transport policy. "While we want to encourage drivers to replace their internal combustion engine vehicles with EVs, we should bear in mind that the cleanest and most efficient mode of transport remains public transport."

MPs had also noted that the fight against climate change required a mindset shift among Singaporeans, and that everyone had to participate.

Agreeing, Mr Heng said this was a "whole-of-society, multi-generational effort" that could span 50 or even 100 years. "If we take the long-term view, and each generation plays its part, Singapore can face the future with confidence."

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Embrace diverse views and political differences: Pritam

Rei Kurohi

Diverse views and political differences should be embraced in Singapore's democracy, said Workers' Party (WP) chief Pritam Singh.

He noted that unity has been a recurring theme of each year's Budget since 2016. But in seeking to engender a "Singapore Together" movement, the country's fourth generation leadership must also encounter "very diverse, edgy and

even contradictory views in the effort to find common cause", he said.

This should be encouraged, not discouraged, he added yesterday during the debate on the Budget statement.

"It is that process of embracing diversity and accommodating political differences that gives meaning to a democracy of deeds for the 21st century, and not for a one-party Parliament of decades past," said Mr Singh.

He said his party's MPs have raised issues that People's Action Party MPs "cannot be expected to

raise, not out of an inability of their own, but because of the nature of politics and political contestation".

WP MPs agree with the Government when they have to and disagree when they must, he said, adding that they do so while endeavouring for the best outcomes for Singapore and for unity of purpose when politics has to take a backseat, like during the ongoing Covid-19 outbreak.

In his speech, Mr Singh addressed responses from businesses to the measures in the Budget and

Singapore's fiscal position.

On measures to help tide businesses over the outbreak, he said private bus companies and drivers are bearing the brunt of cancelled trips and tours. "Private bus companies feel the Budget support package is not targeted enough in view of the nature of their business," he said.

Mr Singh also said he hopes the Government will reconsider its decision not to waive foreign worker levies for companies that have no choice but to hire foreigners, on condition that

these firms "consciously seek to increase the local headcount by way of job redesign going forward".

On the fiscal position, he asked for updates on the Government's plans to study the option of using government debt to partially finance long-term infrastructure projects and on its consultations with businesses on implementing policies to prevent companies from shifting profits to lower-tax jurisdictions.

He also reiterated the WP's position on the planned goods and services tax (GST) hike, and said the party does not support it. He called for the Government to publicly release its revenue and expenditure

projections so Singaporeans can evaluate the necessity of raising GST from 7 per cent to 9 per cent, which is scheduled to take place by 2025.

"I believe this openness would contribute to a more substantive conversation and understanding of our fiscal trade-offs. This can only advance and mature conversations that take place in Singapore," Mr Singh said. "Until this clarity is provided, the WP position has not changed. We cannot support a GST hike, especially since this is to be raised in advance, and before the Government's projections have been put to this House."

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