

**BUDGET DEBATE 2021**

**ROUND-UP SPEECH**

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## A. INTRODUCTION

- A1. Mr Speaker Sir, I thank Members of this House for the 15 hours of robust debate, which saw 65 Members speaking. So normally the Round-up speech is shorter than the Budget speech, but this year may be different.
- A2. I thank Mr Christopher de Souza for his very moving and personal speech on what it means to be a Singaporean.
- A3. And I would also like to thank Mr Liang Eng Hwa, Chairman of the Government Parliamentary Committee for Finance and Trade and Industry, laid out the big picture and key issues clearly.
- a. Mr Liang spoke about supporting our people through the immediate pain of the crisis, and the need to take action to emerge stronger.
  - b. Importantly, he did not shy away from the difficult conversation of how these important measures need to be funded, and offered constructive suggestions.
  - c. This set the stage for this House to discuss the way forward.
- A4. I also thank Ms Foo Mee Har who not only spoke passionately about supporting our people and businesses, but also suggested how to do so in a prudent and sustainable manner.
- A5. Over the last few days, the passionate debate went along a few threads.
- a. Some Members elevated the debate to help Singaporeans appreciate the changing landscape and the need to act.
  - b. Some Members highlighted the importance of our reserves, the bold and decisive response mounted, and what it achieved.
  - c. Unfortunately, some argued selectively without acknowledging the broader impact of COVID-19 and the outcomes of the Government's decisive interventions.
- A6. Before I dive into the issues raised by Members, I want to situate Budget 2021 and Singapore's future within the larger forces sweeping the world.
- A7. Singapore sits at the crossroads between the East and the West. It is a position that we have harnessed to maintain our relevance to the world amid the flux and changing tides of global political and economic developments.
- A8. But we cannot take our standing in the world for granted. It is something that we have to painstakingly maintain, as the world and region evolve, so that we remain relevant.
- A9. For some time, we have observed the gradual geopolitical and technological shifts.

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- a. The world was slowly adapting to a rising China, which found its place alongside the US as an economic and military powerhouse.
  - b. Inevitably, there has been some friction.
  - c. Fortunately, the deep interdependence of markets and supply chains served as a stabiliser for world order, as well as international trade and commerce.
- A10. But COVID-19 disrupted this tenuous equilibrium and accelerated bifurcation and change.
- a. Overnight, this virus revealed the vulnerabilities of inter-connected supply chains.
  - b. The race for vaccines and the rush for economic recovery have also surfaced nationalist tendencies.
- A11. These events will play a significant part in countries' and businesses' calculations, as they rebuild their value chains and business networks.
- a. Countries will seek for greater onshoring of their key industries for resilience.
  - b. Businesses may re-think their globalisation strategy and approach, giving more weight to resilience and reliability.
- A12. Singapore can capitalise on them to emerge stronger, become more competitive, and remain relevant to the world.
- a. First, nations and businesses will place a high premium on partners and locations which are reliable and predictable in their dealings. This is where we can leverage the strong Singapore brand, globally trusted for long-term planning, openness and reliability.
  - b. Second, as the flow of people pulled back because of the lockdowns, the flow of digital information and knowledge spiked. There is potential for Singapore to ride on the rise of technology adoption and digital economy.
  - c. Third, climate change is a threat for humanity. We must do our part, create new opportunities from the global interest in sustainable development.
- A13. My Budget Statement laid out our strategic plan to capitalise on our strengths, and to double down on our commitment to invest in connectivity, digitalisation, the green economy, and of course, our people.
- A14. I will round up this Budget Debate by speaking on Members' contributions along three themes:
- a. Our economic strategy to emerge stronger;

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- b. A cohesive and liveable Singapore;
- c. And a prudent fiscal strategy for the long term.

## B. OUR ECONOMIC STRATEGY TO EMERGE STRONGER TOGETHER

### Navigating out of the Storm

- B1. Last year, I committed close to \$100 billion to fight this crisis. Since then, I have heard many views on the appropriateness and adequacy of our economic response. Some have called for more support, while others have asked if we are doing too much.
- B2. Let me recap the context. COVID-19 has caused the worst global economic crisis since the Great Depression.
- a. Globally, real GDP is estimated to have fallen by 3.5% in 2020, equivalent to a drop of close to 5 trillion US dollars in economic output<sup>1</sup>. Many countries experienced full-year recessions in 2020.
  - b. Sectors like aviation and tourism felt the brunt of the impact, with 1 billion fewer international arrivals in 2020<sup>2</sup> – a 74% drop.
  - c. Labour markets were disrupted on an unprecedented scale, with 8.8% of global working hours lost relative to the fourth quarter of 2019. This is equivalent to 255 million full-time jobs.<sup>3</sup>
  - d. Economists also warn of possible scarring, with long-term GDP losses, rising public and corporate debt, higher hurdles on capital spending, and continued rise in unemployment levels.
- B3. We disbursed a total of \$27.4 billion in grants to provide relief, preserve jobs, and help firms build capabilities to pivot to new growth areas – more than 18 times the amount disbursed in 2019.
- B4. As many Members including Mr Liang Eng Hwa and Mr Desmond Choo thoughtfully reminded us, we narrowly averted a much deeper recession and scarring.
- a. Our fiscal and monetary policy measures are estimated to have prevented a further 6.6 percentage points in GDP contraction last year, and mitigated the rise in resident unemployment rates by two percentage points, or about 155,000 jobs.
  - b. While our economy contracted sharply in the second quarter of 2020, compared to the fourth quarter of 2019, the rebound over the next two quarters recouped about 80% of the output lost.

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<sup>1</sup> International Monetary Fund World Economic Outlook. October 2020 and January 2021.

<sup>2</sup> United Nations World Tourism Organisation News Release. 28 January 2021.

<sup>3</sup> International Labour Organisation Monitor: COVID-19 and the world of work. Seventh edition. 25 January 2021.

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- c. More details of our early findings can be found in the interim assessment of the COVID-19 measures that the Ministry of Finance released earlier this year.
- B5. The impulses from last year's measures continue to flow through the economy to complement Budget 2021. The combined effects of the two years' Budgets imply a material support to GDP in 2021.
- B6. Our calibrated strategy to support businesses and protect livelihoods has seen positive outcomes for firms and workers.
- a. We tilted support towards the hardest-hit sectors to help them retain core capabilities and prepare for recovery. Today, some of these sectors are starting to see the light at the end of the tunnel.
    - i. For example, with the phased resumption of activities domestically since June 2020, the consumer-facing sectors, including retail and food services, saw a gradual recovery to around 85% of pre-COVID-19 output levels by Q4 in 2020.
  - b. Many firms have made good use of the support we rolled out.
    - i. In 2020, \$18 billion worth of loans to 21,000 enterprises were supported by Enterprise Singapore's financing schemes. Almost all recipients were micro, small and medium-sized enterprises, or SMEs.
    - ii. Enterprise Singapore also supported more than 15,000 companies in raising productivity, going international, and undertaking innovation projects. This is 54% more than in 2019.
    - iii. So I'm glad that businesses were taking innovation more seriously during this period.
    - iv. Mindful Movement was one such beneficiary. When COVID-19 struck, the yoga studio halted on-site classes. After consulting an SME Centre, Mindful Movement tapped on the Productivity Solutions Grant to transit their classes online. Today, they continue to offer both online and physical classes, to provide clients greater choice and flexibility.
    - v. For sectors that remain badly affected, I will continue to provide targeted relief and support to help them transform and reposition themselves for recovery.
- B7. On the workers front, the SGUnited Jobs and Skills Package has helped to cushion the labour market fallout and preserve the livelihoods of Singaporeans.
- B8. Many jobseekers joined industries with a promising growth outlook through the Jobs Growth Incentive, or JGI, and drew the same or higher wages. The Ministry of Manpower will provide more details at the COS.

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- B9. Nearly 76,000 local jobseekers were placed in jobs and skills opportunities through the SGUnited Jobs and Skills package between April and December last year.
- a. Close to 80% of them were placed into jobs. Of these job placements, six in 10 were long-term jobs.
  - b. Growth sectors such as InfoComm Technology or ICT, healthcare, and manufacturing accounted for the most placements.
- B10. We tilted support towards mature jobseekers, recognising the higher hurdles they faced with career transitions.
- a. Based on preliminary estimates, mature workers aged 40 and above accounted for about half of the first 110,000 JGI beneficiaries, and about half of the 76,000 locals placed in SGUnited jobs and skills opportunities.
  - b. This includes more than 8,000 mature jobseekers placed last year on career conversion programmes, like the TechSkills Accelerator and Professional Conversion Programmes, or PCPs. These schemes enable trainees to reskill for jobs with good growth prospects. For example, about seven in 10 PCP participants earn higher wages after starting their new jobs.
    - i. Mr Goh Che Yong has been in tourism for close to 24 years, dealing in traditional sales for walk-in customers. He witnessed the digital disruption to the industry. At 55-years-young, Che Yong embarked on the Professional Conversion Programme for Digital Sales Executive with Siam Express last March. Although he was still in the same travel industry, moving from traditional to digital sales was not easy. But with the structured training, he gained confidence. Che Yong now applies his newly acquired digital skills in his job and enjoys exploring new ways of packaging holidays for a post-COVID world.
- B11. We averted a “COVID generation” of workers and students by preserving human capital and enhancing their employability.
- a. Compared to the 2019 cohort, although full-time permanent employment fell by about 10 percentage points, overall employment rates for this year’s fresh IHL graduates remained similar to past years.
    - i. In particular, 94% of autonomous university graduates in 2020 found employment or got into a traineeship within six months, compared to 91% in 2019.
  - b. The SGUnited Traineeships programme has contributed significantly to this outcome. It has placed close to 5,400 recent graduates into traineeships, to help them gain useful skills and industry experience, and prepare them for the recovery. Some have already landed full-time jobs.

- i. Mr Chen Jiahao embarked on a traineeship last year with Taiger Singapore, an Artificial Intelligence, or AI startup. Although he had no prior experience in AI or data science, the traineeship enabled Jiahao to pursue his dream of working in deep tech. He picked up new skills quickly, and developed a Natural Language Processing model to perform information extraction. Taiger was impressed by Jiahao's strong performance, and hired him as a full-time Junior Software Engineer within six months of the start of his traineeship.
  - c. In this Budget, I also extended the JGI to September 2021. I hope this encourages more employers to convert trainees to employees in a timely manner.
  - d. Overall, we have managed to mitigate the impact of COVID-19 on our young. While unemployment rate amongst our young increased by two percentage points from September 2019 to September 2020, it remained well below that in EU countries.
  - e. I would like to thank Members including Dr Shahira Abdullah for speaking on the importance of safeguarding the future of our youth, and I assure this House that this remains a key priority.
- B12. Looking back, the waters of 2020 have been rough. But we have kept our ship intact, with all hands on deck pulling together to navigate it out of the storm.
- B13. In 2021, our suite of support measures, including the further extension to the JSS, the SGUnited Jobs and Skills Package, and targeted support for the worst-hit sectors, will continue to provide a stabilising effect on our economy, amid uncertainties and risks in the global economy.
- B14. Domestically, the pace of border reopening has slowed amid the global surge in COVID-19 cases and the emergence of new virus strains. Nevertheless, the COVID-19 situation within Singapore remains under control.
- B15. Against this backdrop, the Singapore economic recovery over the course of the year is expected to be gradual and uneven across sectors. Outward-oriented sectors are expected to benefit from the pick-up in external demand, while domestic industries improve as activities safely resume. Overall, the GDP growth forecast for 2021 is estimated at 4% to 6%.

### **Charting the Course for the Future**

- B16. Now is the time to chart our course, position ourselves to catch the winds of opportunity, and set sail boldly in a reshaped world. That is the focus of this year's Emerging Stronger Together Budget.
- B17. I thank Professor Hoon Hian Teck for his insightful comments on how this Budget has struck a balance between stabilisation and transformation.
- a. The COVID-19 Resilience Package continues to provide near-term support to safeguard lives, jobs, supply chains, and core capabilities.



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- b. At the same time, we are also dedicating substantial fiscal resources towards raising the productive capacity of the economy in the medium to long term.
- B18. I also applaud our Labour Movement, led by Secretary-General Mr Ng Chee Meng, for their excellent contributions to the debate. Let me underscore three important points from our Labour Movement.
- B19. First, as Deputy Secretary-General Mr Heng Chee How mentioned, the way forward is as much about being Stronger Together, as it is about Emerging Stronger.
- a. A number of our businesses and workers will hold their own against the best in the world. But at the end of the day, we compete as one Team Singapore, not worker by worker, or enterprise by enterprise.
  - b. It is the strength of our collective capabilities and connectedness, as an economy and as a society, that will determine how far we will go.
- B20. Second, several Members including Deputy Secretary-General Dr Koh Poh Koon highlighted the synergies between firms and workers. The fortunes of businesses and workers are inextricably linked, more so today than ever.
- a. Demand shocks caused by COVID-19 have exacerbated labour market dislocations and skills mismatches.
  - b. Coupled with the structural shift of shorter technology cycles, it will be increasingly difficult for firms to find candidates with the perfect skill sets.
- B21. So I urge businesses to look beyond hiring just “plug-and-play” workers, and see the potential within jobseekers to learn and grow in your firms.
- a. I am glad to see our local banking community leading the way in grooming new fintech talent like Ms Choo Cui Ling through career conversion programmes. After working in IT audit, Cui Ling enrolled in the Technology in Finance Immersion Programme with OCBC Bank. A few months into her attachment, she was converted to a full-time employee. She now helps to coordinate information risk management for the bank in her role as Assistant Manager.
- B22. At the same time, jobseekers should keep an open mind, be receptive to new and different job roles, and take the initiative to build new skills.
- B23. Third, I am heartened by the Labour Movement’s forward-looking approach on bringing firms and workers together to ride the waves of change and emerge stronger. Technological advancements promise new possibilities as well as challenges. As Mr Melvin Yong starkly put, “every job is at risk”.
- a. “Working from home” will also mean “Working from Anywhere” – so job competition can come from any corner of the globe with an internet link.

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- b. For our businesses, while e-commerce opens them to a global pool of customers, it also opens their customers to the global pool of sellers.
- B24. As Mr Liang Eng Hwa highlighted, our \$24 billion action plan over the next three years is about pursuing our medium- to longer term economic imperatives, even as we tackle the immediate challenges. This seeks to give our workers and businesses a distinct advantage in the global marketplace. We will build an ecosystem that fosters a virtuous cycle of innovation and knowledge transfer.
- a. This includes \$4.4 billion of the ongoing \$8.3 billion Transformation and Growth strategy I announced at the Unity Budget last year, to deepen enterprise capabilities and upskill workers.
  - b. Another \$19.6 billion of fresh funding will go toward new digitalisation measures and enhanced enterprise development support, as well as worker support measures such as the extension of the SGUnited Jobs and Skills package to support jobseekers in upskilling and accessing employment opportunities.
- B25. Together, these measures seek to stimulate private investment over a longer horizon and boost the supply-side capacity of the post-COVID economy. This will help Singapore capitalise on the post-COVID economic recovery and emerge stronger. This Emerging-Stronger component of the Budget therefore has a strong medium-term orientation through an enduring effect on supporting the level of labour productivity in the economy.
- B26. Members including Mr Zhulkarnain Abdul Rahim spoke about what the post-COVID-19 world means for Singapore's economy. To pave the way for our next lap of growth, we must make the following moves.
- a. First, we must remake Singapore as a Global-Asia node of technology, innovation, and enterprise. This requires enhancing our connectivity, including digital connectivity, and positioning our firms and workers at the intersection of key global chains growing out of Asia and ASEAN nations.
  - b. Second, as Mr Gan Thiam Poh highlighted, we must shift to a technologically advanced, innovation-driven economy, where firms and workers are equipped with the skills to harness technology and intangible assets as a key differentiator.
  - c. Third, we must invest in economic resilience and sustainability as a source of competitive advantage.
- B27. Building on previous Budgets, Budget 2021 invests in our economic toolkit to support these moves – or as Mr Shawn Huang aptly summarised, to “survive, pivot, and develop an edge to seize opportunities of the future”. If we get this right, we can set our economy on a path of growth for the next five to ten years.
- B28. Building a stronger Singapore core is at the heart of our approach, as several Members including Ms Jessica Tan and Mr Abdul Samad rightly noted. The ultimate goal of economic growth is to improve the jobs and lives of

Singaporeans. The only way to sustain such improvements is by raising productivity, where firms transform in ways that bring workers along.

- B29. We build from a position of strength. From 2016 to 2019,
- a. Labour productivity growth, measured in terms of real value-added per actual hour worked, grew by 2.7% per year, up from 2.2% per year in the preceding three-year period.
  - b. Real<sup>4</sup> median income<sup>5</sup> of Singaporeans increased by 3.7% per year, higher than the 3.2% per year growth in the preceding three-year period.
- B30. The crisis in 2020 interrupted this progress. Still, real<sup>6</sup> median income<sup>7</sup> of Singaporeans grew by 1.5% year-on-year, while unemployment was higher in 2020 than in 2019. Dr Tan Wu Meng spoke about our \$19 billion Research, Innovation, and Enterprise 2020, or RIE 2020 plan, and its potential returns on investment.
- B31. RIE is a cornerstone of Singapore's efforts to develop as an innovation-led economy and society with good jobs for Singaporeans. The payoffs from investments in research take time to manifest. We have nevertheless made good progress and the results are promising.
- a. One example is in the biomedical sciences, where Singapore's RIE investments since 2000 have helped set the foundation for the flourishing sector it is today.
    - i. Since 2000, the value-added of the biomedical manufacturing sector has grown by more than three times.
    - ii. Today, the biomedical sector makes up almost 4% of GDP, and four of the world's top 10 drugs by global revenue are made in Singapore.
  - b. We have also established capabilities to develop innovative solutions to national challenges, including in managing the pandemic.
    - i. Our researchers have worked with local companies to develop and manufacture diagnostic test kits, such as the Fortitude 2.0 test kit, that are now used both locally and in more than 45 countries worldwide.
  - c. All of these would not have been possible without our sustained investments to build up our RIE capabilities over many years.

## Stronger Businesses

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<sup>4</sup> Deflated by Consumer Price Index for all Items at 2019 prices (2019=100)

<sup>5</sup> Gross monthly income from work (including employer CPF) of full-time employed citizens

<sup>6</sup> Deflated by Consumer Price Index for all Items at 2019 prices (2019=100)

<sup>7</sup> Gross monthly income from work (including employer CPF) of full-time employed citizens

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- B32. Members including Ms Poh Li San have underscored the importance of supporting businesses to emerge stronger.
- a. The uneven impact of COVID-19 across industries and enterprises means that each enterprise segment requires different support to recover, grow, and thrive.
  - b. I agree with Mr Edward Chia on the need to adopt a differentiated, life-cycle approach to enterprise development. Our agencies offer a holistic suite of support schemes targeted at the needs of each enterprise segment, by sector and growth stage. And we approach it not just at the company-level, but at the industry-level, to achieve value-chain transformation.
    - i. I spoke about the Built Environment sector coming together to transform decisively across developers, consultants, contractors, and suppliers. We will build on our Alliances for Action to enable more industries to transform together.
- B33. We will continue to invest in future engines of growth, to create new opportunities for our firms and workers.
- B34. Dr Lim Wee Kiak and Ms Cheryl Chan spoke about the importance of nurturing and harnessing the growth of the green economy. This is an important area. The green economy is a key part of the future economy. Making bold investments now will give us a head-start, and create many good jobs for Singaporeans in future.
- a. We will work with businesses to meet the rising demand for more sustainable products and services.
  - b. We committed resources to sustainability efforts under our Research, Innovation and Enterprise or RIE 2020, and will allocate even more resources for this in the next five years.
- B35. Helping local SMEs expand their potential remains a focus. Most of our workers are employed in SMEs – the success of SMEs will enable our workers to have better jobs and better pay.
- a. Budget 2021 builds on a large existing base of measures, to provide significant enhanced support for SMEs to digitalise, innovate, and transform to seize new opportunities.
    - i. For example, to encourage more local SMEs to embark on transformation efforts and venture abroad, I extended the enhanced support levels of the Productivity Solutions Grant, the Enterprise Development Grant, and the Market Readiness Assistance grant till March 2022.
    - ii. And as several MPs and Mr Mark Chay observed, the pandemic has forced many to take an extraordinary digital leap. To help firms confidently take this leap forward, we have also introduced

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a suite of digitalisation support, including the Chief Technology Officer-as-a-Service initiative and the Digital Leaders Programme. The Ministry of Communications and Information will announce more details at the COS.

- b. We have also provided substantial support to SMEs through last year's Budgets. On a per dollar of value-added basis, smaller firms received three to seven times the amount of support given to larger firms in 2020.

B36. As I mentioned earlier, we take an ecosystem approach to economic development, to support workers and companies across all sectors to reach their full potential. Mr Leon Perera pointed to the synergy of having MNCs and SMEs work together – let me add that this synergy is not just between MNCs and SMEs, but across all companies and sectors – from Large Local Enterprises to SMEs, and even among SMEs.

- a. Our economic agencies actively support companies in their efforts to transfer capabilities to upskill our local workers. This includes the PACT scheme to support knowledge transfer and co-innovation activities between large enterprises and their local suppliers, and initiatives on knowledge transfer and skills training, such as the SkillsFuture Leadership Development Initiative.

- b. The Ministry of Trade and Industry will elaborate on this at the COS.

### **Skilled Workers**

B37. I have covered how we will sustain a virtuous ecosystem of innovative and competitive firms that support a vibrant economy. All these efforts serve to create opportunities for our people.

B38. To help workers capture these opportunities and enjoy the fruits of growth, we have moved into helping workers get into growth areas, and equipping them with skills to secure sustainable livelihoods.

B39. Our immediate priority is to build upon the skills and experience that workers have accumulated, while breaking down barriers so that they can access new jobs. As Mr Abdul Samad put it, not just to equip workers with skills today, but also to prepare them for jobs of tomorrow.

- a. Mr Vikram Nair asked about measures to support employment. We will continue to support our jobseekers' career growth through the labour market recovery, including through the extension and recalibration of the SGUnited Jobs and Skills Package.

- i. Mr Sam Ong was amongst the 7,200 jobseekers who enrolled in the SGUnited Skills programme last year. He was retrenched from an offshore construction company in the oil and gas industry due to the impact of COVID-19 and the industry downturn. Sam recognised the importance of digital skills amid the future job market, and enrolled in the Building and Construction Authority's

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SGUnited Skills Diploma in Integrated Digital Delivery. He found the course useful, and looks forward to securing a role in a company that would allow him to apply his new skills.

- b. To equip workers with industry-relevant skills, we are partnering market leaders to conduct quality training at scale.
    - i. For example, Google, Boston Consulting Group, and Siemens are partnering SkillsFuture Singapore to offer SGUnited Mid-Career Pathways programmes in ICT, professional services, and advanced manufacturing. These help local jobseekers adapt to the changing technology trends in a shifting labour market. Our company partners have collectively committed more than 6,000 training places and enrolled more than 2,500 trainees. I am confident that these efforts will put our workers in a stronger position to seize new opportunities in the recovering economy.
- B40. Mr Patrick Tay has highlighted employability and job security as top concerns of workers. These are important and closely interlinked focus areas in our medium-term jobs and skills strategy.
- B41. The employment landscape is evolving rapidly, with technology being a key driver and enabler. Some jobs are becoming redundant, while new ones are created.
- B42. Hence, job security is fundamentally about staying employable, rather than staying employed in the same job. We will thus continue to strengthen the skills ecosystem, which comprises workers, businesses, unions and trade associations and chambers or TACs, through SkillsFuture. Let me touch on efforts to enhance the employability of every worker.
- B43. First – the efforts of our workers. I am heartened to see more Singaporeans making good use of our support to take ownership of learning and acquire skills, even in the midst of the pandemic.
  - a. More than 188,000 Singaporeans used their SkillsFuture Credit in 2020, a 21% increase in participation from 2019.
  - b. Mr Melvin Tan is one of them. After a 23-year-long career in architecture and project management, he switched to the healthcare sector, so as to better care for his ageing parents. He became a freelance home caregiver last year to provide home-based caregiving for seniors. When the SGUnited Skills programme was launched, Melvin decided to enrol in the Therapy Assistant course at HMI Institute. Using his SkillsFuture Credits, he was fully covered for the subsidised course fee of \$500. Melvin is keen to continue his journey in the healthcare industry as a Therapy Assistant when he completes the course this year. I wish him all the best!
- B44. Second, businesses playing their part, to enable workers to build skills.

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- a. Our firms have come onboard to make workplace learning a priority.
    - i. Since 2018, the National Centre of Excellence for Workplace Learning has helped about 180 enterprises per year implement or enhance workplace learning processes.
    - ii. Last year, 3,400 enterprises sent their employees for training in courses supported under the SkillsFuture Enterprise Credit, and about 250 enterprises benefitted from partnerships with SkillsFuture anchor companies to enhance their employee skills development and workplace learning capabilities.
  - b. Deputy Secretary-General Dr Koh Poh Koon highlighted that upskilling and job redesign must come together for pervasive transformation. By redesigning jobs and training workers to take up the new jobs, employers not only help workers stay employed, but also enable firms to thrive.
  - c. We will continue to provide strong support to companies on this front. This includes operation and technology roadmapping, or OTR, that integrates upskilling to achieve a long-term growth strategy.
    - i. Environmental services company SembWaste, in partnership with the Building Construction and Timber Industries Employees' Union and the NTUC Training and Transformation, formed the Company Training Committee and embarked on an OTR process to develop a 5-year business growth strategy to support Singapore's green targets. To support these transformation plans, SembWaste is upskilling its workers in areas such as digital technology. It has also adopted the Progressive Wage Model to ensure sustainable wage increases tied to skills and productivity growth.
- B45. Third, our unions and TACs can reach out to more firms, and promote deeper collaboration between firms and workers.
- a. For example, the Singapore Business Federation, or SBF, in partnership with Workforce Singapore, leads the Industry 4.0 Human Capital Initiative, to help companies adopt Industry 4.0 through job redesign. To-date, close to 70 companies have come onboard, to potentially uplift more than 1000 jobs and generate more than \$52.5 million in cost savings. SBF aims to scale this to benefit up to 300 companies and 1,500 workers by September 2022.
  - b. I also thank the Labour Movement for their tireless efforts in supporting the lifelong employability of workers, across different segments with different needs.
    - i. NTUC Job Security Council and Company Training Committees are an important innovation for NTUC to partner companies and the Government, to achieve synergy. By pre-emptively matching at-risk workers to new employers, the Job Security Council helps

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workers minimise employment downtime, and aids businesses to manage fluctuating manpower needs. I am heartened to hear that it successfully placed more than 28,000 workers in new positions last year.

- B46. Ms Janet Ang and Mr Patrick Tay have spoken about the importance of ensuring fair access to employment opportunities for Singaporeans, while remaining open to global talent to complement local capabilities. I agree.
- a. I thank Members for agreeing that harnessing complementarities among our Singaporean core and the different talent sources is important for us to remain as a vibrant and competitive economy.
  - b. The Ministry of Manpower will elaborate on this at the COS.
- B47. As Mr Henry Kwek mentioned, our TACs can support firms and workers to emerge stronger, by helping them to transform in a pervasive and sustained way.
- a. Over the past year, I am encouraged to see TACs rallying the business community together to fight the crisis.
  - b. The SG Together Enhancing Enterprise Resilience, or STEER fund, which I enhanced at last year's Resilience Budget, has matched more than \$10 million across 10 industry-led funds to help the business community tackle challenges arising from COVID-19. Over 2,700 businesses are expected to benefit from these initiatives.
    - i. This includes the \$1 million Singapore Contractors Association Limited, or SCAL COVID-19 Fund, set up to help construction sector firms cope with the increased operational requirements due to COVID-19. Some 500 member SMEs will stand to benefit from this Fund. Apart from STEER, the Fund also received contributions from BCA, over 50 SCAL members, and the SBF Foundation Compassion Fund that Ms Janet Ang spoke about in her speech.
  - c. The Singapore Malay Chamber of Commerce and Industry, or SMCCI, also formed a COVID-19 taskforce in March last year, to support members affected by the crisis. It set up an emergency hotline, organised individual outreach sessions to about 400 members, provided legal advice to those in need, and connected businesses to available government support measures. SMCCI also showcased members who transformed their businesses in the wake of COVID-19 on their specially curated platform, "Discussions @ Dewan", so that others can learn from their successes.
  - d. The SBF has also been working closely with the National Jobs Council and 31 TACs, to conduct job matching on a business-to-business level, both within and across sectors. Since the start of the pandemic, SBF has



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assisted more than 600 companies, and more than 100 workers have been successfully matched to 77 companies.

- B48. Through these collaborations, our firms and workers can emerge stronger in a post-COVID world. As you can see, this is a case where really everyone is putting in the effort and working together.

## C. A COHESIVE AND LIVEABLE SINGAPORE

### Appreciating Our Circumstances

- C1. Members like Mr Lim Biow Chuan spoke about how Singapore has come out relatively unscathed from COVID-19, and how we are starting from solid ground.
- C2. Looking around the world, beyond the economic impact, we also see broader health and social impacts.
- a. One year on, some countries have not recovered from the initial wave of the outbreak. Many are still seeing new COVID-19 cases in the thousands each day, and repeated cycles of lockdowns.
  - b. This has wrought havoc on their communities, disrupting livelihoods and day-to-day activities. People are putting the future on hold to focus on surviving this crisis.
    - i. In December 2020, UNESCO reported that, globally, classrooms for nearly one in five schoolchildren were closed.
    - ii. In some countries, healthcare services are still overwhelmed by COVID-19 cases, leaving little help for those with other needs.
- C3. In Singapore, many of us have resumed our daily activities.
- a. Jobs and opportunities to learn new skills remain available.
  - b. Our young children are back in schools physically, and equipped with digital devices for learning.
    - i. I thank Mr Louis Ng for showing his appreciation for our teachers in our schools.
  - c. We are looking forward to the future, and are working towards our dreams.
    - i. Demand for BTO flats remains strong even in these uncertain times. As we heard from Mr Lim Biow Chuan earlier, people are still looking to buy cars “as if there was no recession at all”!
- C4. While we should count our blessings, let us not forget that we are still in the eye of a raging global storm – there are still challenges ahead and there are still individuals and families who are under stress.

### Building on Past Budgets, Ready for the Future

- C5. Budget 2021 focuses our efforts and resources on emerging stronger. I have shared how we are taking a long-term view, and working to support transformation of our economy and workers.

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- C6. But I want to assure Members that the Government has also been putting in place multiple layers of support, which will continue to provide targeted, customised relief to help Singaporeans differently affected by COVID-19 and the uneven, K-shaped recovery.
- a. First, we have broad-based, permanent schemes to provide strong social support and safety nets that protects all Singaporeans, especially the vulnerable.
  - b. When the crisis hit, we layered on temporary assistance on top of some of these permanent schemes to provide additional support to vulnerable groups.
  - c. We also introduced new measures like the Solidarity Payment and Care and Support – Cash to provide quick relief for Singaporeans’ day-to-day expenses, with the lower-income receiving more.
  - d. Finally, for those whose livelihoods were disrupted, we stepped in to provide some bridging support as they picked themselves up, for example through the COVID-19 Support Grant and Temporary Relief Fund.
  - e. We cushioned the vulnerable against the worst of the crisis and mitigated social inequality. As a result of these efforts, our Gini coefficient after taxes and transfers is at a record low.
    - i. Mr Pritam Singh pointed out the divergence between the data on inequality, and the lived experience on the ground, they are quoting the particular report. We are fully aware that there are families who have been deeply impacted by the pandemic, and some more than others.
    - ii. This is exactly why we have tilted our support significantly towards the lower-income and vulnerable groups, and Government has partnered the community to reach out to those groups during this period. Mr Singh himself noted that there was “not-insignificant” support.
    - iii. So you have to see the support in totality – the full set of support – and not conclude from one sample. Because this is our rigorous study of what is happening throughout Singapore.
- C7. Members including Mr Patrick Tay, Professor Hoon Hian Teck and Mr Louis Chua suggested that we study the viability of an unemployment insurance for workers affected by involuntary employment.
- a. In the midst of significant disruption, interim, bridging support is needed to tide workers over. The COVID-19 Recovery Grant will support our workers who need more help while they find new jobs or go for training during this period.

- b. Longer-term, while an unemployment insurance appears attractive, this would not be sustainable without longer-term structures to help our workers bounce back. This sentiment is echoed in other countries like Germany, Sweden, and South Korea, where unemployment insurance schemes are linked to active labour market policy measures which seek to get the affected worker back into a job quickly and avoid skills atrophy.
- c. An unemployment insurance would also have its complexities, as Mr Tay has pointed out.
- d. Instead, as Mr Xie Yao Quan said, a job is the best welfare. It is more sustainable to ensure that workers maintain a source of income, and to up-skill and re-skill our workers so that they can bounce back quickly from job disruptions.
- e. But at the same time, I recognise that as the global economy goes through an even faster pace of change, the nature of jobs and skills will be changing faster too. We will partner our business leaders, Labour Movement, and academics to study how to support employability and help those who falter, through measures that suit our context.

### **Supporting the Middle-income and Multi-generational Households**

- C8. Mr Gerald Giam claimed that our middle-income receive little support for their cost of living. Others like Ms Jessica Tan have raised concerns that the middle-income may have been missed in the short-term support measures. I would like to remind members of this House that the bulk of every Budget goes towards uplifting all members of our society, including the broad swathe of our middle class.
- a. In this Budget, I have set aside a total of \$42 billion for our social spending and transfers, 35% more than FY2019.
  - b. This is on top of:
    - i. Our security spending, which ensures the safety of our people and allows property and asset prices to rise over time, in line with our economic fundamentals.
    - ii. Our investments in the economy which ensure that our people have access to good jobs for many years to come.
  - c. And we have different schemes and components in our support packages. Some target those with less means. Others, like the upcoming CDC Vouchers, are provided to all, including our middle class.
  - d. So we should not look at each Budget in terms of “goodies for me”, but whether the totality of the spending creates more opportunities for us and our children.
- C9. I fully understand the aspirations of our middle-income earners. It is natural that we want to do better for ourselves each passing year. Like Ms Janet Ang has

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said, the Singapore Dream is a work in progress. We wish for every future generation to be better off than the last. Let me reiterate the measures that the Government has put in place to support these.

- C10. First, we have quality housing, which is affordable to all Singaporeans.
- a. Let me share how we are doing.
    - i. Even in land-scarce Singapore, our housing prices are lower than those of many major international cities, even before accounting for grants.
    - ii. We provide housing subsidies to keep HDB flats affordable. The current income ceiling of \$14,000 allows eight in 10 Singaporeans to buy a subsidised HDB flat.
    - iii. As a result of our housing policies, around 80% of new HDB flats buyers have little or no cash outlay on their mortgage payments, meaning they do not have to come up with cash, or little cash, for their mortgage payments; and nine in 10 Singaporean households own their homes.
  - b. Our homes may not be the largest or the cheapest, but we definitely have well-built, affordable housing options, in a safe, secure, and green environment.
- C11. Next, we have strong support for couples who want to raise a family.
- a. Ms Cheng Li Hui and Ms Hany Soh asked for more to be done to support parenthood, and first-time parents.
  - b. Over the years, the Government has strengthened support for families with children to defray the cost of education and childcare, through a combination of broad-based grants, subsidies, and tax benefits.
    - i. Upon the birth of their child, a Singaporean family would receive up to \$35,000 in cash and cash-like benefits, through the Baby Bonus and other benefits. This includes a \$4,000 MediSave grant which covers the child's MediShield Life premiums from birth till age 21.
    - ii. Every Singaporean child can also receive over \$180,000 in education subsidies by the time he or she turns 16, including preschool subsidies.
    - iii. Even more support is available for those who come from less-privileged backgrounds.
  - c. I thank Minister of State Sun Xueling, Parliamentary Secretary Rahayu Mahzam, and the other women MPs for speaking on the different ways that the Government, businesses, and the community can support women to fulfil their aspirations, and help them to better support their

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families. These include job opportunities, support for their jobs and livelihoods, re-designing jobs for more progressive workplaces, encouraging higher technology adoption amongst women, and support for caregiving. These are good points which we can continue to work together on.

- d. Children also have access to an affordable education, supported by nurturing teachers, which ensures that our children are equipped with important knowledge and skills to perform to the best of their potential.
- e. We nurture our students' aspirations, and continue to develop multiple pathways to enable our students to learn, including through industry attachments.

C12. Third, I assure Mr Louis Chua that we remain committed to helping all seniors retire with greater peace of mind through the CPF system. The Silver Support Scheme provides support for our seniors who had low incomes during their working years and need additional support in retirement.

- a. Over the next five years, to help more Singaporeans meet the Basic Retirement Sum, we will also be providing an additional boost through the Matched Retirement Savings Scheme. We are also in a fortunate position where most of our seniors have housing assets which they could use to support their retirement, if they choose to.

C13. Last but not least, the Government provides good and affordable healthcare to all Singaporeans, especially our seniors.

- a. We have been investing in our healthcare system, to meet the needs of an ageing population.
  - i. We have almost tripled our healthcare spending, from \$3.9 billion in FY2011 to \$11.3 billion in FY2019.
  - ii. This went into expanding healthcare capacity, and enhancing healthcare subsidies. We now spend more than twice the amount on patient subsidies than we did 10 years ago, and expect to spend more as our population ages.
  - iii. On average, a Singaporean can expect to receive about \$200,000 in Government healthcare subsidies throughout their lifetime.
- b. As a result, we do well in terms of health outcomes.
  - i. I thank Dr Tan Yia Swam who has registered her "confidence that our healthcare system is robust and can provide adequate care for all citizens".
  - ii. Indeed, Singapore ranks amongst the top for the World Bank's Human Capital Index, which measures the ability of a child to

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reach his or her full potential if they had full health and complete, high-quality education.

- iii. We also do well on the Bloomberg Health-Efficiency Index, which measures life expectancy as compared to medical spending.
- iv. In 2019, our average life expectancy at birth was 84.9 years<sup>8</sup>, with health-adjusted life expectancy of 74.5 years. Globally, Singaporeans are expected to live the longest!

C14. Ms Hany Soh will be glad to know that we have put in strong support for young parents. A young couple buying a HDB flat near their parents could benefit from more than \$134,000 in support in this year alone. Besides housing grants, the support includes pre-school subsidies to help with the education of their child, healthcare subsidies, and also offsets for expenses through the Household Support Package.

C15. Another example is a multi-generational family that already owns their 5-room HDB flat, supporting a Pioneer Generation senior with disabilities. The family could receive over \$35,000 in support this year in education and healthcare subsidies, including \$1,200 from the Household Support Package. These are over and above the housing subsidies that the family would have enjoyed when they first bought the flat.

C16. Neither family needs to pay their MediShield Life and CareShield Life premiums in cash. No one will lose coverage due to inability to pay.

C17. So, with the most important items in life well-taken care of, I hope that Members like Mr Leong Mun Wai will agree that his position that our support is “ad-hoc, short term and unpredictable” is wrong, and in fact, our support is systematic, well-structured, and balanced.

C18. Singaporeans can be assured that:

- a. That they can always have a home to call their own;
- b. That they can expect their children are being well-nurtured in a world-class education system, which will prepare them well to take on good jobs and fulfil their potential;
- c. That we will provide assurance to our seniors over their retirement; and
- d. That the healthcare needs of their family will always be well-taken care of.

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<sup>8</sup> GBD 2019 Demographics Collaborators. Global age-sex-specificity, mortality, healthy life expectancy (HALE), and population estimates in 204 countries and territories, 1950-2019: a comprehensive demographic analysis for the Global Burden of Disease Study 2019. Lancet 2020; 396:1160-203

- C19. Now, it is also natural for us to look out for ‘what is new’ in every Budget. But it is important for all of us to appreciate what is already there, and to see the Budget in totality, over the years.
- a. Individual Budget measures are useful enhancements which sit on top of our already significant social spending.
  - b. Over the past decade, we have been gradually tilting the tax and transfer system in favour of lower- and middle-income groups. On average, lower-income citizen households can expect to receive benefits net of taxes of \$6,500 per household member in 2021. Members of middle-income households can expect to receive \$3,500 in 2021. The highest-income households instead pay about \$9,500 in taxes net of benefits per household member.

### **Uplifting our Workers’ Wages and the Vulnerable**

- C20. Members of this House – Mr Darryl David, and Mr Faisal Manap – have welcomed the salary increase for healthcare workers, and have asked for salaries for other frontline workers and sectors to be enhanced.
- a. As I said in the Budget Statement, there are good, meaningful jobs in healthcare for our locals, and it is important to pay them the salary that they deserve – commensurate to the work that they do.
  - b. This is how we are able to attract and retain locals in the long-term, even as other markets compete for our Singaporean talents.
  - c. As Mr Saktiandi Supaat pointed out, Ms Hazel Poa’s conclusion that our workers are worse-off due to lower wage share of GDP is wrong.
    - i. A capital-intensive economy open to investment and trades can have lower wage shares than labour-intensive economies.
    - ii. For example, in the biomedical sector, the wage share of the sector’s output is less than 6% compared to over 60% in the accommodation and food services sectors.
    - iii. But workers in the biomedical sector earn more than twice that of the accommodation and food services.
    - iv. So what will improve the lives of our workers are better wages and better prospects, not the aggregate share.
    - v. What matters more is that wage growth for our workers is in line with productivity so that it is sustainable.
- C21. Several Members including Mr Raj Joshua Thomas and Mr Mohd Fahmi Aliman spoke about the need to continue boosting the incomes of lower-wage workers, and the Progressive Wage Model.



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- a. Indeed, there has been some progress. Citizens' real incomes from 2016 to 2019 at the 20<sup>th</sup> percentile grew at 4.4% per annum, faster than the median at 3.7% per annum.
- C22. I thank the Labour Movement for their strong support for the Government's vision of progressive employment, which is shared by many caring Singaporeans.
- C23. Ms Foo Mee Har and Mr Desmond Choo have also called for more help for our self-employed. We have been studying for some time how best to boost protections and retirement adequacy for this group.
- C24. The Ministry of Manpower will continue working with the Labour Movement and our industry partners through the Tripartite mechanism to uplift the incomes of all our low-wage workers and support those in the gig economy. MOM will share more on this at the COS.
- C25. Helping lower-wage workers and self-employed persons is a work in progress. I hope that if some of the new measures lead to a modest increase in costs, caring Singaporeans will agree that this is worth doing for solidarity.
- C26. Some members like Ms Tin Pei Ling and Mr Yip Hon Weng have highlighted another group of concern – our older workers.
- C27. I thank NTUC FairPrice for its efforts to support our older workers who wish to remain active in the workforce. As Mr Seah Kian Peng has shared, this is an example of a company which has fully utilised the reservoir of talent in its mature workforce. To build on this momentum for all sectors,
- a. We are pushing ahead with our plans to raise the Retirement and Re-employment Ages in 2022, with the Government and the Labour Movement taking the lead by effecting this in 2021. I thank Deputy Secretary-General Mr Heng Chee How for reaffirming the need for this move.
    - i. NUH is one of the organisations taking the initiative by redesigning jobs, offering flexible working arrangements and training opportunities for their senior workers in collaboration with the Healthcare Services Employees' Union.
    - ii. Senior Staff Nurse Mdm Badthu Manne Doraisamy has been working with NUH for 31 years. She has benefitted from NUH's strong support for senior workers.
    - iii. Mr Agos Salim Sapuan is a security supervisor at NUH. He shared how everything at his job is digitalised now, and he is no longer making manual entries in logbooks! I am sure he has benefitted from NUH's many training opportunities.

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- b. I hope that the Government's Senior Worker Support Package will encourage more businesses to retain their mature workers and tap on their wealth of experience.
- C28. Ms Ng Ling Ling and Mr Eric Chua have asked the Government to do more to encourage the hiring of persons with disabilities, or PwDs.
- a. Helping every Singaporean achieve their potential is a key priority for us in building an inclusive society. We agree that more can be done, and there are plans in the pipeline.
  - b. The Ministry for Social and Family Development will share more about this in the coming months.

**Partnering the Community**

- C29. As Members have highlighted, there are specific groups of Singaporeans who have been deeply affected by COVID-19, and remain so. We have seen this all over the world.
- a. Dr Wan Rizal spoke on the issue of mental health.
  - b. Ms Joan Pereira, on the support needed for caregivers.
  - c. Ms Rachel Ong and Ms Nadia Ahmad Samdin spoke on the employment and re-integration of ex-offenders and youth at risk, as well as Mr Don Wee on families with children with special needs.
- C30. Ms Denise Phua and Ms Carrie Tan spoke yesterday on how the CDCs are partnering Social Service Agencies, or SSAs, to multiply their reach for the vulnerable in the community. They have also asked to rally the community to help.
- a. BlockBox is good example of partnership. To support seniors with chronic disease management and to address issues of social isolation due to COVID-19, students from NUS and Yale University created a community space and monthly health subscription boxes to track seniors' health and keep them engaged. For the pilot, the team received seed funding from the MOH and sponsorship from the private sector.
  - b. This is the spirit of SG Together.
- C31. But Government can only do so much alone. As Ms Carrie Tan said, we must look into the "Sharing of Care". I am sure that she will be glad to hear that we will continue to push ahead with our plans to develop deeper capabilities in the social sector.
- a. I announced last year that we will partner ToteBoard to jointly commit up to \$350 million to support the Community Capability Trust over the next ten years. This will drive capability- and capacity-building efforts within the social service sector, to enhance SSAs' ability to serve the community.

- C32. Like Mr Seah Kian Peng and Mr Derrick Goh have said, we must do more to “bridge the digital divide” and “grow our digital muscles”, especially during COVID-19.
- a. We refreshed our plans to ensure that no one will be left behind in this digital age. The Seniors Go Digital programme equips seniors with digital skills. For low-income and vulnerable families with children or PwDs, MCI’s NEU PC Plus programme connects them to broadband access, and laptops to support their learning.
  - b. And who best to be our ambassadors of the digital world than our young people! Under MCCY’s and the National Youth Council’s YouthTech Programme, youths will be deployed to businesses and organisations in diverse sectors, including the community and social sector organisations to support their digitalisation efforts.
  - c. We will also need to boost the digital and technological transformation of the social sector. Good ideas have come from the businesses who are partnering Social Service Agencies to do good and supplement the human touch with the human “click”.
    - i. For example, Engineering Good, a non-profit organisation is working with community partners to provide digital access through refurbished laptops and internet connectivity to low-income families, coupled with digital literacy and skills programmes as part of its Building Digitally Inclusive Communities project.
    - ii. This is the spirit of Emerging Stronger Together.
- C33. Mr Christopher de Souza said we need to embrace our multi-culturalism and diversity. He spoke about what it means to be a Singaporean regardless of race, language or religion. We are stronger together when we look after one another, and build a society that leaves no one behind.
- C34. At the end of the day, our success is not measured in terms of GDP, but in the society and community we build together.

### **Planning Ahead for a Green Future**

- C35. Besides fostering a caring and inclusive community, we must ensure our clean living environment endures for future generations to enjoy.
- a. I thank members like Ms Poh Li San for supporting the Government’s sustainability plans. I am glad that Ms Nadia Ahmad Samdin, one of the youngest Members – if not the youngest Member – of this House, also spoke in support of the Singapore Green Plan 2030. We must not take our environment, whether green or blue, for granted – or for that matter, our reserves.
  - b. What we have today is a testament to the foresight and hard work put in by many to distinguish Singapore as a City in Nature over the years.

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- i. We made a big effort to improve our sanitation systems and clean up the Singapore River in the 1960s to 1980s.
  - ii. We launched the Clean and Green Week in 1990 to encourage an environmentally conscious lifestyle.
  - iii. To improve our air quality, we started encouraging the adoption of cleaner vehicle alternatives as far back as 2001.
- c. Climate change and environmental sustainability did not become a priority overnight. We have been protecting our home.
- C36. Members like Dr Lim Wee Kiak and Mr Dennis Tan have questioned why Government is raising the petrol duty expecting many drivers can and will switch to electric vehicles or EV, before the infrastructure is ready.
- a. Now this is not the case. The petrol duty adjustments are to set price signals and change behaviour. Just like how we have made deliberate decisions to protect our environment, we want people to make conscious choices about how to drive, how much to drive, and whether to even drive at all.
  - b. And EVs are not the only alternatives to driving. Mr Sharael Taha has reminded this House that hybrid vehicles are another alternative that are already widely available today.
  - c. We are also keeping public transport affordable and accessible through rail and bus subsidies, and investing in public transport infrastructure.
- C37. Dr Lim Wee Kiak and Mr Dennis Tan asked if we are sufficiently prepared for an EV future, and on the cost-effectiveness of electric cars compared to petrol cars.
- a. The Ministry of Transport will elaborate on this at the COS.
- C38. There will never be a good time to raise petrol duty. Some Members like Ms Mariam Jaafar and Mr Darryl David have pointed out that the petrol duty increase would affect those who drive for work more, like our taxi and private hire car drivers, and delivery riders using motorcycles. I understand the pressure that they are facing, especially during this COVID situation. I have cushioned the impact for these drivers and riders.
- a. We expect to channel almost all of the increase in duty collections in 2021 back to petrol vehicle owners as offsets.
    - i. On top of the road tax rebates, more support will be provided to those who drive for work through additional Petrol Duty Rebates. Taken together, the support will cover the increase in petrol duty for a year for motorcycles and taxis.
    - ii. Taxi operators and Grab Rentals have agreed to pass on the road tax rebates to their drivers. Gojek will also be introducing

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additional incentive rebates for their drivers. With this, their drivers will receive rebates starting from next month.

- iii. Motorcycle owners will receive their additional Petrol Duty Rebates from May.
  - b. Over 50,000 of our taxi and private hire car drivers would have also benefitted from COVID-19 relief measures, like the Self-Employed Person Income Relief Scheme, and the COVID-19 Driver Relief Fund, which we have just topped up by \$133 million.
  - c. I hope these measures address members like Mr Chong Kee Hiong, Ms Yeo Wan Ling and Mr Ang Wei Neng's concerns over the impact on taxi and private hire car drivers.
  - d. Our broad-based rebates will not be able to cater to every unique circumstance. They may not reach those in more informal work arrangements. We are working with the Labour Movement to see how we can provide further help to self-employed delivery workers and limousine drivers. I thank NTUC Secretary-General Mr Ng Chee Meng, our Labour MPs and their team for their partnership.
- C39. Ultimately, protecting our environment must be our commitment to future generations of Singaporeans. This is just one of the many small but necessary steps in our whole-of-society, multi-generational effort to preserve our clean living environment.

## D. A PRUDENT FISCAL STRATEGY FOR THE LONG-TERM

D1. Let me now turn to Members' points on our fiscal strategy.

### Holding on to our Values of Prudence and Stewardship

D2. Before I address individual issues, it is important that I reiterate this Government's fiscal principles.

D3. We abide by the same two core values of our forefathers: prudence and stewardship.

a. First, on prudence. We spend on needs, not wants, and we seek to get the best value out of our spending. We must be prudent because these finite resources are entrusted to us by Singaporeans.

b. Second, on stewardship. In the Unity Budget Round-Up in 2020, I said, and I quote, "We have a duty not just to those who make their views known today, but also the young and the future Singaporeans. They are not here today to represent their views – because they are not born yet! But we have a responsibility to them, and have to take decisions which are difficult for us, but which will safeguard their interests."

c. In other words, we must be responsible stewards.

D4. During a time of high economic growth in the 1980s, our leaders managed our fiscal surpluses prudently.

a. Instead of finding ways to spend the surpluses and win popularity, they not only accumulated surpluses, but took the bold step in 1991 to amend the Constitution, to require each term of Government to run a balanced budget.

b. This is to ensure that future Governments do not make unrealistic promises, dip into our savings unnecessarily, and mortgage the future of our children. They knew the temptation of squandering the easy inheritance would be too great for some to bear.

D5. Singapore is in a new phase of development.

a. We cannot expect the same kind of buoyant GDP growth as in the past, as our economy now matures.

b. Our expenditure needs will grow as new needs arise, and as our population ages.

c. At the same time, we must continue to invest to build a better Singapore for the future.

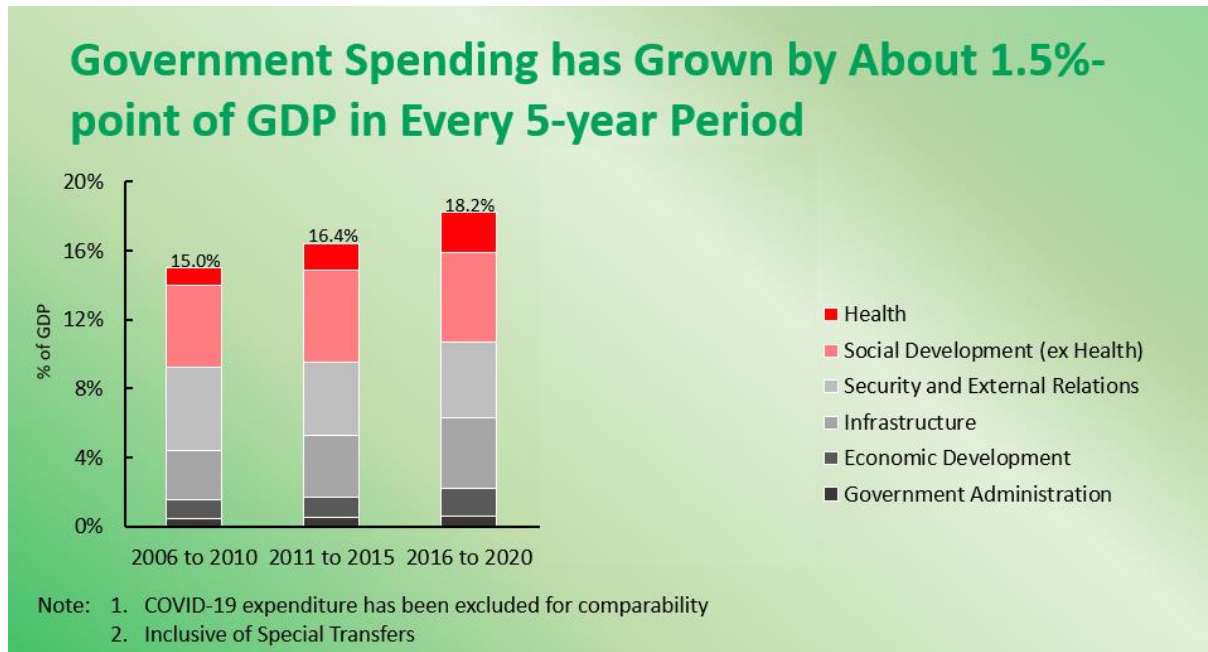
D6. We are once again confronted with hard choices. We must abide by our core values, and keep Singaporeans, now and generations to be born, at the heart of what we do.

## Meeting Structural Increases in Recurrent Spending

### Need for GST Rate Increase

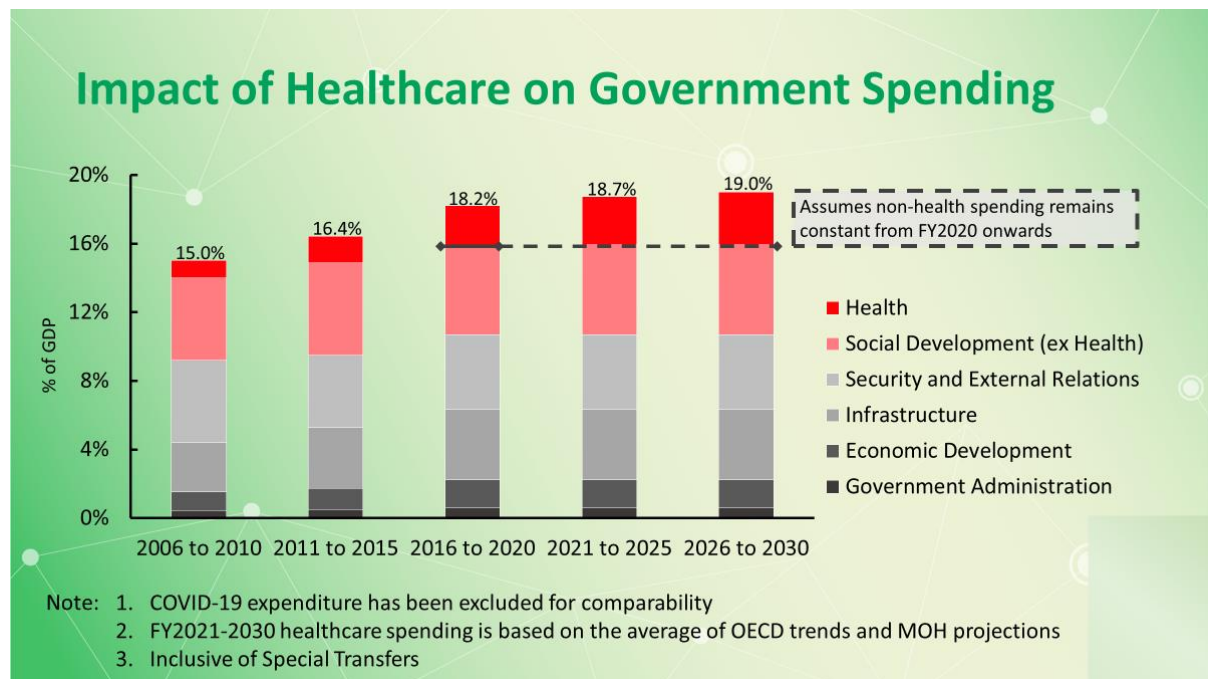
- D7. Many Members spoke about building a fair and just society, where no one is left behind.
- a. This is good, and I share this aspiration, but it is only one half of the conversation.
- D8. Mr Liang Eng Hwa, Mr Alex Yam, and Mr Lim Biow Chuan have reminded this House that just as importantly, we need to consider how to pay for these.
- a. We do not have oil gushing out from the ground. Even Saudi Arabia, a country with huge oil reserves, is carefully planning ahead. It introduced a 5% value-added tax from 2018, which it increased to 15% from 1 July 2020.
- D9. Members of this House must have the will and courage to make the same responsible choices as our forefathers did. We must be upfront – if we want to spend more, we have to raise revenue.
- a. First, acknowledge that if we want more social safety nets, it comes with costs.
  - b. Second, work out sustainable resourcing. Do not make irresponsible promises which burden future generations.
  - c. If these are recurrent needs – which have to be financed year after year – we must find recurrent revenues – which we can collect year after year.
- D10. Let me reiterate why the GST rate increase is needed.
- D11. As Mr Xie Yao Quan has rightly pointed out, we have already seen structural increases in our recurrent spending, especially in healthcare.
- a. The share of Singaporeans aged 65 and above will increase from 1 in 6, to 1 in 4 by 2030.
    - i. Seniors are 4 times as likely to be hospitalised compared to younger persons.
    - ii. And each time our seniors are hospitalised, they stay for twice as long.
  - b. The Government heavily subsidises healthcare at our public healthcare institutions – up to 80%!
  - c. Even with an efficient healthcare system, we need to increase healthcare spending by 30% to meet the needs of our population in 2030.

D12. These structural trends are clear – we will have to spend more. So let me share some data and projections with this House.



D13. This chart shows our spending, as a percentage of GDP, over the past 15 years.

- a. Our spending has grown by about 1.5 percentage points of GDP in every 5-year period.
  - i. How much is 1.5 percentage points of GDP? About \$7 billion per year. This is about two-thirds of our current GST revenue.
- b. Half of the increase in spending was for social support.





- D14. We do not have a crystal ball, but let us take a reasonable look at how our spending will change. Let us start with healthcare spending.
- a. Our demographic trends will mean higher spending, outstripping GDP growth.
  - b. We estimate that healthcare spending will reach 3.0% of GDP by 2030.
  - c. If our healthcare spending grew like those of OECD countries with a similar demographic profile, it would be even higher – 3.5% of GDP by 2030. This would be 50% more than in 2019!
  - d. Stripping out the effects of COVID-19, the next chart shows projected spending on healthcare if we took the average of the two scenarios.
  - e. This means that healthcare spending alone would cause Government expenditure to grow by 0.5 percentage points of GDP for the current 5-year period<sup>9</sup>, and another 0.3 percentage points for the next 5-year period<sup>10</sup>.
  - f. To see the impact of healthcare on Government spending, this chart made a simplifying assumption that non-healthcare spending will remain the same as a percentage of GDP.
  - g. Now, we know this is a simplifying assumption and a very conservative one.
    - i. First, on security, threats have not diminished but are now coming in different forms – cyber-security, hybrid, information wars, food security. In Budget 2018, I mentioned that we could expect annual security spending by MINDEF and MHA to rise by 0.2 percentage points of GDP to meet rising threats.
    - ii. Second, other social spending will continue to rise. We are seeing higher spending on preschool education and life-long learning.
    - iii. Third, as I explained in my Budget statements in this year and earlier, we will see a hump in infrastructural spending to enhance economic competitiveness, build our home, and improve connectivity across the island. Even with borrowing under the Significant Infrastructure Government Loan Act, or SINGA, we expect infrastructural spending to remain relatively stable as a percentage of GDP.
- D15. Mr Pritam Singh asked that we increase the scrutiny of expenditures, and to set up an independent parliamentary budget office to enhance such scrutiny.

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<sup>9</sup> Refers to FY2021-FY2025.

<sup>10</sup> Refers to FY2026-FY2030.

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- a. I am glad that Mr Singh agrees with the need to be prudent and accountable in our spending.
  - b. And in fact, it would be very helpful if each time Mr Singh or his colleagues ask the Government to spend more, to give us their estimates of how much it would cost, and how they would fund it. And instead, the Workers' Party has called on the Government to spend \$20 million to set up an independent parliamentary budget office to do this job for them. Even as they call for more scrutiny on Government expenditure, we invite them to hold themselves to the same scrutiny.
  - c. As I have outlined, prudence and stewardship are core values of this Government. We hold ourselves to high standards and work hard to ensure that our spending is cost effective, to deliver the best value for money for taxpayers.
  - d. We have achieved world-leading outcomes while running one of the leanest governments in the world. We are always looking to achieve better outcomes with less, and we will say more about this during MOF's COS.
  - e. In addition to independent audits by the Auditor General's Office, we also have Parliamentary scrutiny of our spending through the Estimates and Public Accounts Committees. The Workers' Party is represented in both of them. Such an office would be a wasteful duplication of these functions.
- D16. So let us face the hard facts and be prepared to make difficult choices. The Government is meeting difficult trade-offs arising from our society's growing spending needs, head on.
- a. We have shown that current taxes are insufficient to cover our spending needs. Since 2007, we have already increased various taxes to collect more from those with more means, which are then transferred to our lower-income. All this while, over the 14 years, the GST rate has remained unchanged at 7%.
  - b. We would be in a budget deficit if not for the contribution from reserves, in the form of Net Investment Returns Contribution or NIRC.
- D17. Economic growth alone is not likely to raise enough revenues to meet our needs. The honest, but hard, conclusion is that we will need to raise more tax revenue.
- D18. We are not raising the GST rate now, as the economy is in the nascent stages of recovery. But we have been giving notice, since Budget 2018. The fact is that some of the structural increase in expenditures will hit us sooner rather than later.
- a. MOH is already ramping up our public healthcare capacity. Just two months ago, the Minister for Health announced that we will build a new

integrated hospital in Bedok North by 2030, to serve the growing population in the east.

- b. If we defer this spending, we risk being unable to adequately care for our people when the need comes.

D19. Now, some may ask if the projections are accurate, whether we really need to raise additional revenue within this timeline.

- a. No projection is perfect. We live in a complex world, filled with uncertainties. So we must work with the information available.
- b. For example, we could not have projected the biggest disruption of our generation, or that we would have to draw on our Past Reserves for two years in a row.
- c. This is a far cry from what Mr Pritam Singh said in February 2020, and I quote, “the current Government has had the privilege of far more budgetary elbow room, both political and fiscal, than any previous Government in Singapore's history.”
- d. Unfortunately, instead of elbow room, COVID-19 has given governments around the world a very sharp elbow. Ouch – it hurts, and will continue to hurt for some time.

D20. I also do not know how Mr Leong Mun Wai could say with such confidence, and I quote “for the foreseeable future, we do not see any shortage of fiscal revenues”.

- a. If Mr Leong could give me the basis of his projection, I would study it carefully. But if it is his hunch, I hope that as a responsible Member of Parliament, he would agree that we cannot be advocating national policy on the basis of personal hunches.
- b. My caution to all is this: that it will be foolhardy to underestimate the risks and uncertainties we are facing.
- c. Let us be honest, focus on the hard work that needs to be done, and don't take the easy way out. That's the way to enable our people to make progress.

#### Cushioning Impact of GST Rate Increase

D21. Several Members have expressed worries about the impact of the GST rate increase on Singaporeans. I share your concern – as I said before, as Finance Minister, I do not have any joy in raising taxes. I do it because I care for our future. Let me assure Members, and all Singaporeans, that we are committed to helping our people manage the impact.

- a. We have set aside \$6 billion for an Assurance Package, which will in effect delay at least five years of the GST rate increase for the majority of Singaporean households.

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- b. Lower-income Singaporeans will receive higher offsets of about 10 years' worth of additional GST expenses incurred.
- c. The Assurance Package is on top of existing benefits and transfers such as the GST Voucher scheme. These keep our overall taxes and transfers system fair and progressive.
  - i. In 2020, the top 20% of Singaporean households by income paid 56% of the taxes and received 11% of the benefits;
  - ii. Whereas the bottom 20% paid 9% of the taxes and received 27% of the benefits.
  - iii. And we are concerned for the broad middle income. The middle 60% of households paid 35% of taxes, while receiving 62% of the benefits. Even for the broad middle.

### Alternatives to GST Rate Increase Suggested by Members

- D22. Now, several Members have asked that we consider other forms of taxes. As I have said at my Round-up Speech at Budget 2018, we continually consider all options. So let me go through them again. It's a long list.
- D23. Some Members asked if we can do more on wealth taxes. Wealth taxes are not new in Singapore, and we have in fact enhanced the progressivity of wealth-related taxes over the years.
- D24. I agree that there is scope to further review our wealth taxes.
- a. But first, let me address the elephant in the room. Wealth taxes will not replace the need for the GST rate increase. Already, the GST rate increase alone will not yield sufficient revenue to meet our growing healthcare and social spending needs.
- D25. I will share briefly, our considerations for the suggestions raised.
- D26. Ms Foo Mee Har suggested a one-off wealth tax.
- a. Argentina did this to fund higher spending for COVID-19 measures. Singapore entered COVID-19 with a strong fiscal position, and is fortunate to be able to tap on our Past Reserves.
  - b. The impact of the crisis has been uneven. I believe Ms Foo's intent is for those who came out on top of the crisis to do more for our community. And I share her sentiment. So we will indeed continue to review our wealth taxes.
- D27. Mr Leon Perera suggested raising Buyer's Stamp Duty and Additional Buyer's Stamp Duty, or ABSD, for more expensive properties.
- a. First, I am glad that he recognised that this move will not fully cover our higher resourcing needs.

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- b. Second, I want to correct a misconception. The ABSD is a property market measure, not a revenue-raising one. We calibrate the ABSD carefully to maintain a stable and sustainable property market in Singapore.
  - c. But I agree that there is a role for property-related taxes. The Government will continue to review this to ensure that it remains progressive. Indeed, we made property tax and stamp duty more progressive in Budget 2010, Budget 2013 and Budget 2018. I trust that Mr Perera will give his strong support if and when we make such new moves.
- D28. We have also considered other options, including estate duty.
- a. We abolished estate duty in 2008, because the middle- and upper-middle income groups were affected disproportionately compared to the wealthy, who were better able to avoid the estate duty through tax planning.
- D29. So, let me reiterate. We do tax wealth, and we have been raising wealth taxes over the years. This is not the question.
- D30. Rather, the practical question has always been how to design wealth tax moves to ensure that they are effective.
- a. First, we must ensure that the tax cannot be easily avoided, especially by those with more means. Otherwise, it will not achieve the social equity and fairness that we want.
  - b. Second, we must balance between progressivity and staying competitive to grow our economy. Singapore must remain attractive to those who work hard and those who invest to create good jobs, because growing the economy is the most sustainable way to generate revenue and raise our standards of living.
  - c. Third, the move should add to our revenue resilience and adequacy.
  - d. The Government will continue to study wealth tax options, and I look forward to your support.
- D31. Several members have also said that we could rely on other sources of revenue, other than taxes.
- a. For instance, Mr Louis Chua cited that the Government's total estimated receipts and claimed that Government has far more surpluses than we do for spending. Now, he must know that that includes our capital receipts from land sales. So he is really saying that we should spend our land sales proceeds directly.
  - b. And Mr Louis Chua also cited the increase in NIRC in 2021 as one of the reasons we should not be, and I quote, "overzealous in strengthening

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our revenue position”; and Mr Leong Mun Wai suggested we spend 100% of the NIRC instead of 50%.

- c. Let me address them one by one.
- D32. First on using land sales proceeds directly in the Budget.
- D33. We should treat our land as a scarce and finite asset. Selling land does not give the government more resources, and should not, directly support our expenditure.
- a. Instead, we sell the land that we need to sell for urban development and invest the proceeds. This approach generates a sustainable stream of income over the long term, and has served us well.
  - b. If we had decided in the past to spend the proceeds from these land sales, we would not have built up our reserves today and would surely be worse off by now.
- D34. Relying directly on land sales for fiscal revenue also has two risks.
- a. First, land prices can be volatile. You do not want Government revenues to fluctuate wildly with property cycles because it creates too much uncertainty for the Government to plan long term.
  - b. Second, even more serious, once a Government gets used to relying on land sales to fund spending, the Government has a vested interest to keep land prices high; or to sell more land. Both options are terrible. We can see the distortionary effects on the welfare of people, in places where local governments rely on land sales for revenues.
- D35. The current approach of spending the land sales proceeds through the NIRC avoids these pitfalls, and allows the Government to make land sale decisions based on what is best for the country’s development, and not because it needs to balance the budget.
- D36. Next, on NIRC.
- D37. The NIR framework smooths the volatility arising from sharp fluctuations in the asset base due to market cycles. This avoids a boom-bust pattern in government spending, driven by the volatilities of the market.
- D38. However, some variation is still to be expected for the NIRC as we update the net asset base and investment income figures over the course of the year.
- a. The global financial market remains volatile and uncertain. How the post-COVID structural changes will affect long-term returns is still being played out.
- D39. The fact is NIRC is already the largest single source of our revenue – larger than Corporate Income Tax, Personal Income Tax or GST.

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- a. This did not happen by chance or merely because of good fortune. It is the result of years of fiscal discipline and prudence of our founding generations.
- b. If they had succumbed to the temptation to spend more, we would not have built up our reserves. And without reserves, we would not have been able to generate this stable and recurrent source of revenue today.
- c. Mr Leong Mun Wai's suggestion of using 100% of NIRC is akin to treating our reserves as a gold mountain. If we adopt his suggestion, one day even this mountain will be eaten up completely, like the saying in Chinese – 坐吃山空. We have a responsibility to future generations.

### Using Debt Equitably and Sustainably

D40. Next, let me talk about the use of debt in our fiscal strategy.

D41. Many Members have expressed support for borrowing for long-term infrastructure, as part of our fiscal strategy.

- a. I was happy to hear that Associate Professor Jamus Lim was "happy as a clam" when he heard that our fiscal strategy reflected a number of elements that he had previously outlined. But I announced that we were studying borrowing in 2019, even before he entered Parliament. But I am glad he shares our views. So perhaps if he reads more of our past Budget statements, he would be even happier.
- b. Nevertheless, I must caution against the additional modifications that he has suggested to what is essentially a prudent and restrained use of borrowing.

D42. The Government's approach to borrowing is a carefully calibrated one. As Ms Foo Mee Har said, there is good debt and there is bad debt. While we do borrow, the key difference is what we do with the debt proceeds.

- a. The Government is currently already borrowing, under the Government Securities Act and the Local Treasury Bills Act.
- b. But instead of spending the proceeds, we invest them for long-term returns, which is used to repay our debt. The rest go back into the reserves.

D43. Government is going to borrow for major, long-term infrastructure.

- a. These investments will benefit and generate value over generations, but the upfront costs are hefty.
- b. Borrowing is a fair and efficient approach to spread out the lumpy costs, to ensure that we better match the timing of the benefits with the timing of spending.

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- c. If we do not, I will have to raise taxes significantly to fund these major expenditures.
- D44. Associate Professor Jamus Lim has asked if we can borrow more to fund “soft capital” like education.
- D45. Let me sound a word of caution. We have to refrain from the temptation to borrow for what are essentially recurrent expenditures.
- a. In many countries, there is a tendency to expand the scope of what constitutes “soft capital” beyond the original intentions. So the original intentions were good, but it creeps. When used to fund increases to Government subsidies or social transfers, it is really more recurrent spending. Borrowing continuously for them will just lead to ever higher debts, which has to be repaid by future generations.
- b. When borrowing is not used productively, the result has often been high debt – low growth, rather than high growth – low debt. As debt level grows, interest payments can also increase, as Associate Professor Jamus Lim himself pointed out.
- c. This can lead to an unsustainable fiscal position and spiralling debt, affecting investor confidence, raising the cost of funding for businesses and ultimately our long-term growth.
- d. In addition, interest rates are low, in fact ultra-low, for now, but this may change quickly. When it changes, existing debts would have to be refinanced, and a higher rate could spiral the fiscal situation downward quickly. This usually happens in a crisis, when we can least afford it.
- D46. Borrowing is not a form of revenue. Borrowing gives us cash for liquidity planning but it does not create free monies for spending. Today’s debt is paid for by tomorrow’s growth and tomorrow’s generation.
- D47. As I have explained earlier, our fiscal principle is that every Government must spend within its means and raise the revenue required to fund its initiatives.
- D48. Members such as Ms Foo Mee Har and Dr Lim Wee Kiak have noted, we must borrow prudently and sustainably. Let me now also briefly address their queries on the safeguards and how borrowing under SINGA might impact our credit rating.
- a. We will set \$90 billion as a borrowing limit, and this is sized based on the expected expenditure of major, long-term infrastructure projects over the next 15 years. Any increase of this limit will require legislative amendments which is subjected to Parliamentary approval.
- b. We will also put in place other safeguards such as a limit on the interest costs so that the debt servicing cost will not over-burden future generations. This will address Ms Foo’s concern about rising interest rates.



- c. More will be elaborated later when the Bill is presented in Parliament later this year.
- D49. Since the announcement of SINGA, credit rating agencies have also published articles affirming Singapore's strong credit standing, attributing it to Singapore's prudent and sustainable fiscal policy.
- D50. Mr Liang Eng Hwa also asked if we would consider one-off, special purpose borrowing for the economic investments under our Emerging Stronger Strategies to help Singapore to emerge stronger.
- a. I thank Mr Liang for his suggestion.
  - b. As I have explained earlier, borrowing does not give us revenue.
    - i. Instead, if the economic and fiscal outlook turn out worse than expected, and we have to draw on Past Reserves for economic investments, borrowing would allow us to keep our reserves invested long term and earn good returns.
    - ii. Borrowing from the market also means that we have to have the discipline to repay amounts used for these economic investments.
- D51. The key here is to use debt equitably and sustainably.
- a. We will borrow under the SINGA to spread out lumpy costs equitably across current and future generations.
  - b. The Government will study Mr Liang's suggestion of a one-off, special purpose borrowing to help us emerge stronger from this long drawn out crisis.

### **Keeping Faith with Future Generations of Singaporeans**

- D52. Staying true to our core values of prudence and stewardship, we have built up significant reserves that are now our strategic assets.
- D53. Our reserves give us the confidence to forge forward, knowing that we have the wherewithal to deal with any crisis that might come our way. We have drawn on our Past Reserves to deal with two crises so far.
- a. \$4 billion in 2009 to deal with the Global Financial Crisis; and
  - b. Up to \$53.7 billion in 2020 and 2021 to respond decisively to the COVID-19 crisis.
- D54. Some commentators have questioned if we are dipping into the Past Reserves too readily.
- a. And yet, there are others who downplay the use of reserves, saying that these are small amounts and we can afford to use more of our reserves by spending more through the NIRC.

- D55. Let me reiterate that the Government does not take any decision on the use of reserves lightly.
- D56. Our reserves serve three important roles:
- a. First, they serve as an endowment fund, providing a key stream of revenue to supplement our annual Budget through the NIRC.
  - b. Second, they provide a buffer against shocks and attacks on our financial system.
  - c. Third, they serve as our bulwark against crises of an extraordinary nature.
- D57. Due to the strategic importance of our reserves, we have a two-key approach to managing and safeguarding reserves.
- a. The Elected President serves as the custodian of our reserves,
  - b. The Constitution vests in the President discretionary powers to withhold her assent to budgets and expenditures proposed by the Government that may lead to a draw on Past Reserves.
- D58. On that note, I would like to address a question repeated by Ms Hazel Poa on whether the President knows the size of the reserves.
- a. I have just addressed this in June last year when I rounded up the debate for the Fortitude Budget. I shall repeat my answer here.
  - b. It is public information that, under our Constitution, the President has access to information about the size of reserves. Under Article 22F of the Constitution, in the exercise of her functions under the Constitution, the President is entitled to any information regarding the reserves. In addition, on the MOF website, it is already mentioned that the President has full information about the size of the reserves.
- D59. Ms Poa also asked about the size of our reserves.
- a. Again, it is not in our national interest to disclose the size of the reserves.
  - b. As Mr Saktiandi Supaat explained very well yesterday, Singapore is vulnerable to currency speculation and large capital outflows.
  - c. Revealing the size of the reserves is akin to laying bare our defence plan, and will diminish the value of our reserves as a strategic defence. No responsible leader would do so.
  - d. So I was very alarmed when I heard Associate Professor Jamus Lim citing theoretical literature that speculation could be stabilising. I would also point out that there are other academics, who recognise that currency markets can be marked by massive instability.

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- e. It is in fact well acknowledged by most economists today that market driven short term flows are and will continue to be fickle and extremely volatile. The episode in 1992 when hedge fund manager George Soros took on the Bank of England by betting against the Sterling pound and dramatically destroyed the UK monetary system is one stark example. To put it simply, foreign exchange speculations have been and will continue to be a threat to economies, especially small, open ones like ours. As an international financial centre, portfolio and banking-related flows in Singapore amounted to S\$294 billion last year, or 63% of GDP. Just last year, we saw extreme capital flow volatility in global financial markets due to the uncertainties and risk sentiments associated with the pandemic. MAS kept the Singapore dollar nominal exchange rate stable during this period backed by the full power of our reserves, giving banks and businesses certainty to make decisions under very trying circumstances.
- f. I personally saw this during the Asian Financial Crisis, when I was PPS to Mr Lee Kuan Yew. Mr Lee was invited by several countries in the region to share his views, as Singapore was relatively unscathed. I sat in all his meetings. It was very painful to see how speculation and the currency volatilities that these countries face was destroying businesses, big and small, and the lives of men and women in these places. The exchange rate is far more important for a small open economy like ours compared to our neighbouring countries. If our neighbouring countries are so badly affected during the Asian Financial Crisis, you can imagine the impact on us. The Singapore dollar is one of the most actively traded currencies in the world relative to our GDP with daily turnover estimated at US\$37 billion globally, or annual turnover of US\$9.5 trillion. Our nominal GDP is just about US\$350 billion. So you are comparing trillions and billions.
- g. Let me share that I was Managing Director of MAS when the Global Financial Crisis hit the world. Singapore is unique in operating an exchange-rate centred monetary policy. My team and I had to not just be alert to the domino effect of the failures of banks globally, but also the flights of capital and the risks of speculation on the Singapore dollar. If we had been attacked, the businesses in Singapore, big or small, and the lives of our workers, would have been severely disrupted.
- h. So now as a Board member of MAS, I want to ensure that MAS is able to continue effectively using Singapore's exchange rate to deliver price stability. A very volatile Singapore dollar exchange rate, subject to market fads and bubbles, would not ensure low and stable prices for Singaporeans. In normal times, our nation's reserves also underpin our triple A sovereign credit rating, thus underpinning confidence in our unique exchange rate monetary policy system.
- i. So as a practitioner at the frontline, who tries my best to understand the intricacies of the system, I must caution Associate Professor Jamus Lim – let us not play with fire. This is about the lives of our people, not theoretical musings.

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- j. And I urge all Members of this House to focus the debate on the merits of the policies and programmes and how we can improve the lives of Singaporeans. Instead of repeatedly focusing their attention on the size of reserves or other erroneous claims. We have inherited a strategic asset for the long-term survival and success of Singapore. Protect it, nurture it, and never squander it.
- D60. Now let me turn to the global outlook, and our next steps.
- D61. I said in my Budget Statement that we expect to fund the expenditures for the remainder of this term of Government without a further draw on Past Reserves.
- D62. But the global outlook is highly uncertain, and we need to think ahead of how we can respond.
- a. Professor Hoon Hian Teck articulated well the difficult balance Singapore needs to strike: stabilising the economy to avoid a sharp downturn, but also undertaking and investing in structural policies for transformation.
  - b. The uncertainty over how quickly the global economy will recover makes balancing even more complicated.
  - c. If we face a prolonged slump, it will be even more necessary for us to transform, but it will also be more challenging to find the required fiscal resources to both stabilise and restructure the economy.
- D63. Taking the longer-term view, we have to press on with these economic investments, secure the next decade of growth, and emerge stronger.
- a. If we hold back these investments, we will miss the opportunity to restructure, seize new opportunities and race ahead.
  - b. If we fail to change, and our economic recovery is sluggish, it would have a long tail effect on our jobs and economic vibrancy, and affect Singaporeans adversely. It will also further worsen our fiscal situation.
- D64. So after considering the various options, if the public health and economic situation deteriorates sharply and our fiscal situation turns out to be worse than expected, the Government may again have to seek the President's approval for the use of Past Reserves to continue such economic investments so that Singaporeans can emerge stronger.
- D65. The President has expressed her understanding towards the Government's approach, and will consider the Government's specific proposals, should there be a need to draw on Past Reserves.
- D66. But if we are to draw on Past Reserves for the economic investments to emerge stronger, we should do our best to make good on the draw.
- a. These investments are expected to yield returns for the economy, which can give a boost to our tight fiscal situation and allow us to make good the amount drawn.

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- D67. As a crisis response to COVID-19, we have drawn from the Past Reserves, an amount equivalent to about 20 years of fiscal surpluses. It will be a challenge to also make good this amount drawn given the magnitude of the crisis. This is the “crisis fund” function of the reserves.
- a. Nonetheless, we should strive to remain fiscally prudent to build back our reserves gradually.
- D68. The fiscal situation ahead will be very challenging but I believe that Members agree on several issues.
- a. There is scope to do more to take better care of Singaporeans, especially the more vulnerable.
  - b. With that, we will need to find the resources to do so.
  - c. We need to consider all available options to raise revenues. We will continue to review additional options to complement a GST rate increase, but it is not realistic to hope for these to become alternatives to a GST rate increase, or to make the GST rate increase unnecessary.
- D69. Each of the decisions we make or don't make today to tackle the challenges will determine the starting point we give our future generations.
- a. We must have the courage to confront the hard issues now and not take the easy way out.
  - b. We are stewards and must keep faith with our future generations.
  - c. Doing so will give us the resources to deliver on social, economic and security priorities to further the welfare of Singaporeans. Not just today, but also tomorrow.

## E. CONCLUSION

### Upholding Trust & Governance

- E1. Mr Speaker, we inherited a strong Singapore. We are able to enjoy many opportunities and work towards our aspirations, because our pioneers were also good stewards with courage. They steered Singapore through many storms.
- E2. We have strong governance and trusted institutions today. We built a strong global Singapore brand. We contribute to the world in our own way.
- E3. COVID-19 has taught the world that trust is a valuable currency, and there is a high premium for long-term planning, and reliability. Singapore takes pride in doing these well.
- a. First, we plan long term, and act in the best interest of Singapore and our people. Mr Cheng Hsing Yao rightly pointed out that we now have the luxury of choices in dealing with resource constraints, precisely because of the foresight of the generations before us.
  - b. Second, we are upfront. We do not shy away from difficult conversations. We explain the difficult decisions, as the well-being of Singaporeans are at the heart of what we do.
  - c. Third, we honour our commitments and hold ourselves to high standards. Where we fall short, we learn and strive to do better.
- E4. Singaporeans know that they can trust us to lead the country. We trust one another and advance as Singapore Together, as one United People.
- a. And this is crucial to our success, because Singapore is a small island nation in a big turbulent world.
- E5. We will continue to work hard to deliver results to Singaporeans, and strengthen our valuable reserve of trust and unity.
- E6. Mr Speaker, allow me to say a few words in Mandarin before I conclude.
- E7. 虽然冠病疫情仍在全球蔓延，但我国在保健康、保生计、保企业这几个方面取得不错的进展。今年的预算案为走出疫情做准备，更有针对性地协助企业、员工和弱势群体。
- E8. 冠病疫苗确实给世界各国带来战胜病毒希望。但疫情巨大的冲击也加快了已经出现的结构性变化。我们接下来要在保未来的工作上加倍努力。
- a. 我们会继续帮助各领域的企业转型，帮助员工创造更多好的工作，以确保新加坡在后冠病时代能够蓬勃发展。

- b. 疫情给许多国家带来了严峻的考验。我们也会和世界各国建立互信，加强合作，克服我们共同面临的挑战。
- E9. 我们的储备金让我们有信心向前迈进，因为我们有足够的资源应付可能出现的危机。
- a. 动用储备金是一项艰难的决定。政府在考虑是否要动用储备金时，一向来都会坚守先辈们未雨绸缪，谨慎理财的原则，确保财政政策的可持续性，也兼顾跨代利益和责任。
- E10. 今天恰巧是元宵节。元宵节的意义就在于合家团圆。一家人团圆是幸福，全体国人团结起来，是力量。国人在过去的一年里展现了同舟共济和坚毅向前的精神。在新的一年里，我希望国人能秉持这样的精神，群策群力，共同打造一个经济繁荣、富有社会凝聚力的家园。未来瞬息万变，但我坚信只要我们携手同心，就能突破难关，越战越勇。

## Conclusion

- E11. I will now conclude in English.
- E12. COVID-19 has tested the strength, unity and resolve of countries – socially, economically, and fiscally. Singapore has done relatively well so far.
- a. Our society came together as One Team Singapore to battle this invisible but deadly enemy. We looked out for one another, and we stood united.
  - b. We protected the livelihoods of Singaporeans amidst the immediate economic fallout. Now, our economy is gradually, but steadily, recovering.
  - c. We have been careful and prudent in the use of our reserves to protect the lives and livelihoods of our people.
  - d. There remain huge uncertainties ahead. But we confront these unknowns together with confidence, knowing that we have built a deep reservoir of trust to meet the challenges head on.
- E13. The years ahead will be crucial. We have a narrow window of opportunity to transform our economy and forge ahead as One Team Singapore.
- a. Singapore did not happen by chance. Whether we continue to do well cannot be left to chance.
  - b. I have laid out our strategy to emerge stronger. The Government is committed to put in the investments.
  - c. But the Government cannot do this alone. To succeed, every Singaporean must come together to build the Singapore that we want.

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- i. Businesses should continually innovate and support their workers through opportunities for training, growth and progression.
  - ii. Workers should seize the opportunities to up-skill and re-skill.
  - iii. And within our communities, I urge all Singaporeans to lend a hand to those who need more help.
- E14. Nation building is hard work. But if we put our hearts, minds, hands together, I am confident that Singapore will continue to prosper and be a place we are proud to call home.
- E15. That is why I have given the name “Emerging Stronger Together” to this year’s Budget Statement. It is as much about “Stronger Together” as it is about “Emerging Stronger”.
- E16. We are in this together. We all need to each play our part.
- a. We have a clear view of where we are headed.
  - b. Government, businesses, and the community must come together to overcome our shared challenges;
  - c. And Singaporeans must care and look out for one another along the way;
  - d. So that Singapore will Emerge Stronger Together.
- E17. Thank you.