

# AN OPEN AND VIBRANT CITY, A UNITED AND RESILIENT NATION

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## A. INTRODUCTION

- A1. Mr Speaker, Sir, let me start by thanking Members for the thoughtful debate.
- a. The Members have raised many useful points over more than 12 hours of debate.
  - b. I will not be able to address them all, but my respective Ministry colleagues will review them.
- A2. Keeping the pandemic under control remains our top priority. As I shared last week, we are in a stable position.
- a. Cases of infection have dropped.
  - b. We have a plan to further re-open our economy safely.
  - c. But we must stay vigilant, to stay ahead of this virus.
- A3. Our economy is showing early signs of recovery.
- a. GDP in the third quarter of this year picked up after the sharp contraction in the previous quarter.
    - i. However, compared to the same quarter last year, GDP still contracted by 7%.
  - b. The International Monetary Fund's latest projections for global growth in 2020 is -4.4%, a less severe contraction than the June forecast of -5.2%.
    - i. But the IMF also warned that recovery is prone to setback.
- A4. Although it seems we have turned the corner, we are not out of the woods yet. Major risks remain.
- a. The virus continues to spread globally.
    - i. Just last week, the World Health Organization recorded the largest one-day rise in cases, with an increase of more than 338,000 cases globally.
  - b. Our economic trajectory also hinges on how other countries manage the pandemic and reopen their economies.
  - c. And even if our GDP growth figures rebound, the jobs situation will remain challenging for some time.

## B. SUPPORT FOR BUSINESSES AND WORKERS

B1. It is therefore critical that we support our workers and businesses through this crisis. Several Members shared their views on the COVID-19 support measures.

- a. Let me set out the considerations behind our support during this crisis, and into the next 6 months.

### Unprecedented scale, scope and speed of support

B2. At the start of the crisis, no one could predict how severe the virus situation would become and how badly our economy would be affected.

- a. COVID-19 is both a health and economic crisis.
- b. It has caused a simultaneous supply and demand shock as trade links were disrupted and consumer demand plunged.

B3. In the face of an unprecedented crisis, our priority was to flow support to as many affected people and businesses, and as quickly as possible.

- a. The Jobs Support Scheme, or JSS, is one example of this support. Let me assure Mr Louis Chua that the current design of the JSS already tilts this support towards SMEs, as wage costs forms a greater share of their business costs.
  - i. SMEs, on average, receive more than 5 times as much JSS support per dollar of revenue compared to the average JSS recipient.
- b. Together with other schemes, we have committed about \$100 billion, or 20% of our GDP, over 5 support packages.

B4. Our schemes and programmes have dampened the adverse economic impact of COVID-19.

- a. As I mentioned in my Ministerial Statement last week, our measures are expected to avert a 5.6% loss in real GDP this year, and save an average of 155,000 jobs each year in 2020 and 2021.
- b. They have also kept our unemployment in check and reduced long-term scarring on our economy.

### Recalibrating our Support Measures for Businesses

B5. As the COVID-19 situation in Singapore stabilises, the next pressing task is to help our economy recover.

- a. Our support must therefore evolve from “resuscitate” to “rejuvenate”.

B6. To do so, we must shift from a focus on job retention to a greater emphasis on creating jobs.

- a. This was why I announced the tapering of the JSS and introduced the Jobs Growth Incentive, or JGI.

B7. We are also pivoting from broad-based relief to more targeted support, to better cater to the needs of our sectors and firms. Broadly, our firms fall into three categories.

- a. First, those that will see greater demand in the post-COVID economy.
  - i. I encourage these firms to make full use of the suite of capability development grants to expand and grow.
  - ii. The JGI will also support them to hire more locals.
- b. The second category are firms in sectors that are suffering a temporary drop in demand now but will eventually recover. We will help them recover faster and emerge stronger.
  - i. For the tourism sector, the SingapoRediscovered Vouchers will help encourage domestic consumption.
  - ii. For the aviation sector, the Enhanced Aviation Support Package will help firms retain core capabilities to position for recovery. I share Mr Sharael Taha's view that being an air hub is strategic to our economy.
  - iii. For the arts and sports sectors, Minister Edwin Tong has just shared further details of the Arts and Culture, and Sports Resilience Packages.
    - I hope these will alleviate Mr Darryl David's concerns for the sector.
  - iv. However, there could also be cases where a firm's potential failure due to this crisis would significantly impact Singapore's competitiveness or national security. In such instances, we cannot preclude the possibility of Government taking some action to ensure these strategic capabilities are preserved.
    - The exact form of support will depend on the circumstances. But the bar for any Government action will be high.
    - The Government will also exercise prudence and ensure public funds are well used.
- c. The third category are firms where the outlook remains bleak as there are fundamental changes in their operating environments.

- i. They will need to reinvent themselves, and pivot into new products and sectors.
- ii. As Minister of State Alvin Tan mentioned yesterday, the Government is finalising a set of measures to support nightlife businesses. These measures will be announced next week.

B8. I agree with Mr Saktiandi Supaat that as firms recover, we need to taper support carefully to avoid a cliff effect.

- a. In addition to the extensions of financing schemes and payment moratoriums, customised restructuring schemes will also be available for those who need more tailored support.
- b. We will continue to monitor the situation and adjust where needed.

B9. Taken together, these measures will help our firms recover, in a more targeted and efficient manner.

#### Support for Workers

B10. Given the scale of this crisis, we may not be able to save every business and every job

- a. But we will support every worker.

B11. We launched the SGUnited Jobs and Skills Package earlier this year to create opportunities in jobs, traineeships, and skills training.

- a. The National Jobs Council has curated 117,500 opportunities as of end-August.
- b. We are working on the next bound of tripartite efforts to develop more opportunities, and will share more details tomorrow.

B12. Mr Xie Yao Quan asked if we could accelerate job matching for our displaced workers.

- a. Indeed, we have been working to speed this up through multiple channels.
  - i. There is now an SGUnited Jobs and Skills Centre in every HDB town.
  - ii. We have also held multiple career fairs at locations islandwide.
- b. As a result, we have seen a steady increase in placements.

- i. From July to August, more than 9,000 individuals were placed into training or job opportunities, bringing the total number of placements to over 33,000.
- ii. Of these, close to 30,000 were jobs.
- c. In this period of restructuring and recovery, I urge both employers and jobseekers to keep an open mind and be willing to adapt and adjust.

B13. Members have also highlighted concerns over a few groups of workers who are at higher risk of income loss or who face difficulties finding a job during this period.

- a. I share these concerns. We are fully committed to supporting them.

B14. The first group is our mid-career professionals.

- a. I agree with Mr Yip Hon Weng that we must intensify our efforts to help our retrenched mid-career workers reskill and find new employment.
- b. This is why we introduced additional support for them via the SkillsFuture Mid-Career Support Package and the SG United Jobs and Skills package.
- c. I also encourage our mid-career jobseeker to stay resilient and adaptable.
  - i. As Mr Vikram Nair pointed out, “creative destruction” is inevitable. Some jobs may never return. Changing industry and potentially taking a pay cut for now is certainly painful, but will put you on a better footing in the post-COVID economy.
- d. At the same time, I urge companies to be receptive towards hiring mid-career workers. They have much to offer with their wealth of experience.
  - i. With the JGI, eligible companies will also receive higher Government funding, at up to 50% of the salary of each new local hire aged 40 and above.
  - ii. Ms Denise Phua will be pleased to know that this same 50% support is also available to employers who hire persons with disabilities, regardless of age.
  - iii. I also agree with Mr Murali Pillai’s idea to extend the 50% JGI support to ex-offenders. I have asked the Ministry of Manpower to take this up. They will announce more details in due course.

B15. Another group of concern is our self-employed workers, as Mr Dennis Tan and others have highlighted.

- a. This was why we introduced the Self-Employed Person Income Relief Scheme, or SIRS, to provide relief to those with less means and family support.
  - i. By the end of this month, over 195,000 of them would have received three payouts, amounting to \$9,000.
  - ii. The three payouts were sized to cover affected self-employed persons till end-December 2020.
- b. The Government is studying how to continue supporting this group of workers beyond 2020.
- c. But like other support schemes, we will need to taper towards normalcy.
- d. We will provide an update before the end of the year.

B16. Another group we are watching out for is our lower-wage workers.

- a. I agree with Miss Cheryl Chan that we need to extend holistic support to uplift our lower-wage workers.
  - i. Indeed, many of them are in frontline service jobs which have been disproportionately affected by the pandemic and safe management measures.
- b. For those who are retrenched, we will support them under the SG United Jobs and Skills initiative.
  - i. So far, we have facilitated the placement of 17,000 non-PMET workers into new jobs.
    - This is more than 50% of the 30,000 placements facilitated as at end-August.
- c. As mentioned at my Ministerial Statement last week, we will expand PWM to more sectors over time to benefit our low-wage workers, while making sure that businesses can absorb this change.
  - i. I agree with Senior Minister of State Zaqy Mohammed and NTUC Deputy Secretary-General Dr Koh Poh Koon for their cogent explanation on the strengths of the Progressive Wage Model.
  - ii. Indeed, we should avoid a blunt approach, especially when we are in the midst of battling this crisis. Let us focus on supporting our workers and businesses, especially SMEs.
- d. I commend our tripartite partners for agreeing to form a Tripartite Workgroup on Lower Wage Workers to study how to expand the PWM to more sectors and push for greater productivity growth.

- i. I fully support this tripartite partnership and look forward to their recommendations.

B17. Besides the Progressive Wage Model, we also have the Workfare Income Supplement, or WIS, which Mr Fahmi Aliman mentioned.

- a. This boosts the wages of our workers who earn below \$2,300 monthly with an income supplement of up to 30% through cash and CPF top-ups.

B18. PWM and WIS must be seen as an integrated package.

- a. Take 65 year-old Auntie Geok, for example. She works as a cleaner and earns \$1,500 each month, thanks to the PWM.
- b. On top of that, she receives Workfare payments at \$333 per month. Taken together, she has a monthly income of at least \$1,800.
- c. And Auntie Geok also benefits from the one-off Workfare Special Payment of \$3,000 this year, to help tide through this difficult COVID period.

B19. Besides our at-risk and vulnerable workers, we are aware that COVID-19 has affected the livelihoods of many Singaporeans at large.

- a. For those who faced job or income loss, we provide relief through the COVID-19 Support Grant, or CSG.
- b. I thank Mr Xie Yao Quan and Mr Ang Wei Neng for their suggestions on the CSG.
- c. We have designed our schemes to ensure support is targeted towards those who are most in need.
  - i. As with any eligibility criteria, there will be exceptions along the margin.
  - ii. For individuals with extenuating circumstances, we exercise flexibility when we consider their appeals.
- d. We have also extended the CSG till 31 December 2020.
- e. As suggested by Mr Leon Perera, in our recent extension of CSG, we have required applicants to actively participate in job search or attend training.
- f. Given the continuing impact of COVID-19 on jobs, we are studying how best to support our worker in this crisis, and how to link support to job search and reskilling, so as to better protect the welfare of our workers.

B20. In summary, let me assure Members that we remain determined to support our firms and workers through this period.

- a. While we have made a shift to prepare our firms and workers for recovery, we recognise that the COVID-19 situation remains uncertain.
- b. We will continue to monitor the situation closely, and provide additional support where necessary.

## C. CREATING AN OPEN AND VIBRANT CITY

C1. Mr Speaker, Sir, even as we battle the immediate fallout caused by COVID-19, we must not lose sight of our longer-term nation-building efforts.

C2. In my Ministerial Statement last week, I sketched out the broad strokes of our economic strategy. I am glad that many Members have contributed many useful ideas.

- a. Mr Liang Eng Hwa puts it well. “This crisis has hurt us as a country. But we should also capitalise on this crisis to write another exceptional chapter of the Singapore story.”

### Singapore as a City and a Nation

C3. Unlike other countries, Singapore is both a city and a nation.

- a. Cities are nodes sitting at the cross-roads of many flows - goods, capital, people and ideas.
  - i. They are open and outward-looking.
- b. Nations are communities with a common identity and destiny.
  - i. They look out for and care for one another.
- c. Singapore is a global city – open to new and exciting flows.
- d. But we are also a nation – we have to make a living for ourselves, stay united and defend our independence.

C4. Managing this unique dual identity is critical to our success.

- a. We have to stay open to the world while forging our own identity,
- b. Stay globally connected while remaining independent,
- c. And embrace diversity while being socially cohesive.

C5. These seemingly conflicting objectives are not choices, but necessities for us.

- a. And they will always define us as a country, and guide how we manage our economy and society.

C6. This dual identity has shaped our economic journey.

- a. Since independence, we have adopted outward oriented policies, embraced free trade, and welcomed foreign multinationals to base themselves here.

- i. Over time, companies like Infineon, Johnson & Johnson, and Rakuten have established regional and global operations in Singapore.
- b. They bring their know-how and business networks to Singapore, and create a vibrant ecosystem to nurture our local companies and start-ups.
- c. These foreign firms also give our companies opportunities to become part of a global value chain.
  - i. For example, Zumata, a local start-up, was engaged by Sompo, a global Japanese insurance player, to automate the handling of customer queries. Sompo ended up applying their prototype solution not only in the contact centre in Singapore, but also in its Philippines outfit. Through this process, Zumata was brought into an overseas market as well.
- d. It is these kinds of synergies – between foreign and local firms, between MNCs and start-ups – that will continue to anchor Singapore as a true Global-Asia node of technology, innovation and enterprise.
- e. Mr Gan Thiam Poh had correctly reminded us that such collaborations ensure our survival and prosperity. They bring good jobs to Singapore, and ensure that new businesses continue to seed themselves in our soils.

C7. This is why we have always been relentless in encouraging our people and firms to upskill and transform themselves. To ready themselves for such new opportunities.

- a. And this is how we make sure jobs and industries are future-proof – exactly what Mr Leon Perera spoke about.

C8. Dr Jamus Lim also spoke about activating a Plan B, to get local firms to transform and go regional.

- a. The fact of the matter is that this economic transformation has been our plan all along. And in fact all these years, we have been reinventing our economy over and over again.
- b. Dr Lim mentioned the Government has spoken about technology, innovation and enterprise since 2016. I thank him for following our plans.

C9. 2016 was also when we started our Industry Transformation Maps, or ITMs.

- a. But we have a broad base of companies, numbering several hundred thousand.
- b. Uplifting all of them, along with our workers, is not a straightforward matter.

- c. Our agencies like Enterprise Singapore, and in fact, all our economic agencies, and our tripartite partners have been working decisively and closely with businesses on their transformation journeys.

C10. And we have gained some headway.

- a. For instance, between 2016 to 2019, overall productivity of our economy measured by real value added per actual hours worked rose by 2.4% per year. This was an improvement over the 2.2% per annum growth in the preceding three years.

C11. COVID-19 has accelerated the pace of change.

- a. It has given us added impetus to help our businesses find new opportunities and take new strides.

C12. And I know businesses are doing what they can. Business owners I spoke to, tell me about how they are working to transform their operations and upskill their workers.

- a. We will double down on our efforts to support them in this journey.
- b. And this is what the next iteration of the ITMs seek to achieve.

### The Future of Industry Transformation Maps

C13. We are consulting widely across industries and firms as we refresh our ITMs, in preparation for ITM 2.0. This is as Mr Edward Chia mentioned yesterday. And many members have given helpful suggestions.

C14. Mr Chia raised a very good point about how supply chains are being reimaged, and how this is a good opportunity for our firms to further expand themselves into the region.

- a. To support the firms, we have a range of schemes including, amongst others, the Market Readiness Assistance Grant, the Enterprise Development Grant, and the Double Tax Deduction for Internationalisation.
- b. Mr Chia's other point on how innovation can be augmented by the "two-fold engine" of technology and design, is also key. This will indeed help our firms differentiate themselves in this age of the online marketplace.

C15. Another way firms can differentiate themselves is to offer innovative products and services born out of cross-cluster synergies.

- a. Ms Jessica Tan and Mr Shawn Huang had insightfully observed that we need to recognise and harness adjacencies across industries.

- b. And indeed that is what we are doing. The 23 ITMs are now clustered into six clusters, and we are now looking at synergies within the clusters and across the clusters, as well as the impact that the transition has across all clusters.

C16. All of this will bring about the potential for systems-level innovation across our economy.

- a. So I urge our firms to tap on platforms like the Open Innovation Platform launched by IMDA. It allows companies to crowdsource innovative solutions from over 9,000 companies for their challenges.
- b. And we have seen very successful partnerships.
  - i. Teho Ropes & Supplies is a local firm that provides systems solutions to the marine and offshore industries. Through the platform, it was matched with Ent-Vision, a local AI start-up. Ent-Vision tapped on its experience in supply chain and logistic solutions to build a machine-learning system for Teho that automated the labour-intensive customer quotation process.
  - ii. At the same time, Ent-Vision built on this newly gained domain knowledge to develop a new product and segue into the maritime sector.

C17. The Green Economy also presents opportunities for firms to seize early mover advantages.

- a. These opportunities range from clean energy solutions and low-carbon technologies, to innovations in the built environment, and the development of green financial tools and markets.
- b. We invested R&D in these areas early, as part of our 2020 Research, Innovation and Enterprise plans.
- c. The next step, as Miss Cheryl Chan rightly identified, is to equip our people with the know-how. Work is underway on this very important area. For example, we have set up the Energy Efficiency Technology Centre. It will offer training programmes, on top of existing SkillsFuture courses that will train Singaporeans in sustainability sectors.

### Fostering a Dynamic and Diverse Workforce

C18. Mr Speaker, Sir, the heart of our economy is our people.

- a. The objective of growing our firms is ultimately to create quality, well-paying, and sustainable jobs to benefit Singaporeans.

C19. Ms Foo Mee Har highlighted a pertinent point.

- a. That the future of work may be very different post COVID-19.
- b. The rise of digitalisation and the gig economy will make the job market more volatile.
- c. Job types and work arrangements will also evolve, as Ms Yeo Wan Ling and Mr Louis Ng had pointed out.

C20. At the same time, Singapore is facing an ageing population.

- a. Our current old-age support ratio, defined as the number of working-age adults compared to the number of seniors aged 65 and above, is 4.3 to 1. This is the current number.
- b. By 2030, this ratio is projected to become 2.7 to 1.
- c. Put another way, each adult will need to work twice as hard to support our seniors in 2030.
  - i. Or, we can work twice as smart.
  - ii. Of course, we will also support seniors to stay active in the workforce if they wish.

C21. That is why we will redouble our efforts to support Singaporeans of all ages to stay well-educated, well-trained and well-skilled. This Government will spare no efforts in providing our people with the avenues to fulfill their fullest potential.

C22. We take a life-cycle approach to do this.

- a. To give every child a good start in life, we provide affordable, quality pre-school education.
  - i. I agree with Mr Don Wee on the importance of uplifting our disadvantaged children. He had put it very well, that “a stitch in time saves nine”. We will continue to help those who start off with less.
  - ii. We have programmes like KidSTART, UPLIFT and Learning Support Programme to help them.
- b. For our youths, they benefit from a good education system that equips them with the latest knowledge and skills.
  - i. And before or just after they enter the workforce, they can tap on schemes like the Global Ready Talent Programme to study and work overseas.
  - ii. They will gain valuable real-world skills and insights from foreign markets, to support their career aspirations.

- c. I thank Ms Hazel Poa for her point about promoting diversity in our education.
  - i. This is in fact, something that the Ministry of Education has been doing for years.
- d. However, even with excellent pre-employment education, our workers will need to be proactive about upskilling and re-skilling.
  - i. The new economy will require workers who are versatile and know how to build on existing skills, embrace lifelong learning, and be able to move between adjacent industry clusters.
- e. But upskilling is not the responsibility of workers alone. Companies too, must play their part.
  - i. They should actively participate in the development of training programmes, redesign jobs, and encourage employees to upskill.
  - ii. As Ms Jessica Tan rightly pointed out, training should be demanded to ensure industry relevance. Ms Foo Mee Har has just proposed an IST, or Industry Skills Training. And Ms Poh Li San has just suggested meeting the needs of the manufacturing sector.
  - iii. This is an issue that we will continue to study. We will continue to provide strong support to workers and firms.
- f. Finally, for our senior workers, it is never too late to learn new things, or even transition to another industry.
  - i. The National Silver Academy offers a wide range of subsidised courses, from Starting a Home Business to Taking Care of the Aged.
  - ii. With the Retirement and Re-employment Ages set to be raised by 2022, those who want to continue working can choose to do so.

C23. With these efforts, we hope that Singaporeans, regardless of age, can continue to learn and upskill so that they not only have good jobs, but experience good wage growth.

### Complementarity of a Foreign Workforce

C24. These efforts to upskill our workforce will help us to stay ahead of the global curve.

- a. Coupled with openness to ideas, innovations and innovators, we secure a brighter future.

C25. As a global city, our economic competition and collaboration are with other global cities like New York, London, Frankfurt, Shanghai, Mumbai.

- a. These cities have their own hinterlands and can draw talent from millions and billions of their own nationals.
- b. In Singapore, we draw from a domestic population of about 4 million locals.
- c. As Ms Joan Pereira has aptly put “a Singapore that closes its doors to the outside world is bad for all of us”.

C26. As the global economy undergoes changes driven by technology and innovation, it is even more critical that we assemble the best possible team to stay useful and relevant to the world.

- a. We want to make sure that we have the best players in our team, playing to one another’s strengths, working together as a team.
- b. This is why we must remain open to the best talents from all over the world. So that we can put forth the best team and step out onto the world stage.

C27. By bringing the best to our shores, we learn from them and synthesise good ideas from around the world.

- a. Our scientific community for example, has gained from the diversity of exceptional minds that have come to call Singapore their home.
  - i. Leading researchers Professor Sir David Lane and Professor Birgit Lane have provided thought leadership that has spurred our advancements in the biomedical sciences.
  - ii. The late Nobel Laureate Dr Sydney Brenner was also a giant in the global scientific community, who helped us set up the Institute of Molecular and Cell Biology (IMCB) in 1985. Today, IMCB is a world recognised biology institution.
- b. We also send our best minds overseas to learn from others. Mr Philip Yeo, former Chairman of A\*STAR, started the A\*STAR scholarship with the hope of grooming outstanding Singaporeans in science and technology. We have since awarded more than 1,500 scholarships to some of our best students. And many are now back in Singapore and contributing significantly in our science efforts.

C28. Our openness has also allowed our locals to collaborate with the best.

- a. The Cooling Singapore 2.0 programme facilitated by the National Research Foundation has brought together an international team of researchers from our local universities and researchers from ETH Zurich. This joint team is working with our public agencies to develop new modelling and simulation tools to support our urban planning and policy-making.
- b. A good complement of foreign students and researchers in our universities have also made them good nests for innovations that are going global.
  - i. For example, Pedra Technology is a deep tech medical start-up invented out of NTU's labs. Its founders are a Korean, two Singaporeans, and a UK citizen born in India. This diversity will put them in good stead to expand into these different markets.

## D. BUILDING A COHESIVE AND RESILIENT NATION

D1. Mr Speaker, Sir, I started by speaking about how Singapore is unique in our dual identity as both a global city and a nation.

- a. As a global city competing and collaborating with other global cities,
- b. It is crucial that we remain open, and at the same time, invest in our people. That way, we remain relevant and useful to the world.

D2. Singapore is also a nation.

- a. We must take care of our people and build a cohesive and resilient society.

D3. Several Members spoke about the need to continue supporting our households, especially the lower-income, through this crisis.

D4. Indeed, we have moved decisively to support households with an unprecedented \$5.9 billion of household transfers this year.

- a. This is the largest amount we have ever disbursed in a single year.
- b. Over 2.8 million Singapore residents have benefitted from some combination of our Care and Support Package, Solidarity Payment and Solidarity Utilities Credits.

D5. All Singaporean households, regardless of property type, have received relief in some form, with lower- and middle-income households receiving higher levels of support from the Care and Support Package.

- a. On average, citizen households received \$1,500 of support for each household member, equivalent to about half a month of their income.
- b. More support was provided for lower-income households. For households in the bottom 50% based on per capita household income, the support received was equivalent to an average of 2 months of their income.

D6. In addition to household transfers, we have also introduced the Community Development Council, or CDC Vouchers Scheme to help households in need with their daily expenses, while supporting local hawkers and heartland merchants.

- a. There are now more than 8,000 merchants on board.
- b. As of September 2020, more than 300,000 Singaporean households have benefited from the first tranche of the CDC voucher scheme.
- c. Mr Ang Wei Neng will be pleased to note that we intend to disburse a second tranche over the next few months.

D7. Ms He Ting Ru spoke passionately about supporting the needs of young families.

- a. To ease the financial concerns that couples may have about starting a family in the near-term, we have also announced a one-off Baby Support Grant of \$3,000 for each child born from 1 October 2020 to 30 September 2022.
  - i. Minister Indranee has earlier addressed some of the concerns raised by Members, so I will not dwell further on this.

D8. I hope all this support has gone some way to help our households alleviate the impact brought about by COVID-19.

### Caring for One Another

D9. As part of our efforts to build a cohesive society, we must also ensure that vulnerable groups are not left behind.

D10. I agree with Dr Wan Rizal and Ms Hany Soh on being digitally inclusive, especially for our seniors.

- a. To support our seniors, IMDA launched the Seniors Go Digital movement in May 2020 to encourage seniors to equip them with digital skills.
- b. Since June, we have deployed 1,000 Digital Ambassadors, to rally the community and volunteers to support our seniors, hawkers and heartland enterprises to acquire digital skills.
- c. I am glad that as of end-September, more than 28,000 seniors have participated in at least one training programme.

D11. I also agree with Mr Melvin Yong and Ms Raeesah Khan that mental health is a rising concern, especially during this COVID-19 period. Ensuring access to mental health care is a major priority and requires our collective effort. This ensures we have happy workers

- a. We have set up a COVID-19 Mental Wellness Taskforce to study ways to strengthen our community mental health services, to support new vulnerable groups that may emerge due to the pandemic.
- b. As one of the initiatives under the Singapore Together Action Networks, we have also set up the Youth Mental Well-being (YMWB) Network. This allows anyone who is interested in improving the mental health of young people to contribute, kickstart discussions and take ownership of the projects.

## Stronger Together

D12. Building a cohesive society requires the effort of not just the Government alone, but of all Singaporeans together.

D13. COVID-19 has shown us how far we have come as a community and a society and how resilient we are as a people. Many of us have contributed and even made personal sacrifices in our fight against COVID-19.

- a. I thank all Singaporeans for doing our part. This is why we are in a more stable position today.
- b. I am glad that there continues to be many ground-up community movements to help those in need.
  - i. For example, KampungKakis, a neighbourhood buddy system to support the elderly, low-income families and vulnerable residents during the COVID-19 crisis. Volunteer kakis were the additional eyes and ears of our grassroot leader, who guided their kakis-in-need to available resources and ensured vulnerable residents received assistance.
- c. Our Social Service Agencies have also been working tirelessly to support those who need a helping hand. To support these efforts, we have the Enhanced Fundraising Programme to provide dollar-for-dollar matching for some charities. This is in addition to enhanced tax deductions for donations to charities with IPC status.

D14. I am also heartened that donations for COVID-19 related causes have remained resilient.

- a. Key donations platforms such as Community Chest, the Sayang Sayang Fund, and Giving.sg received a total of \$100 million in donations from January to August this year.
  - i. This is already more than the overall donations received by the Community Chest and Giving.sg throughout 2019.
- b. I encourage those who can to continue donating generously. And as Mr Ang Wei Neng suggested, companies can donate their JSS payouts to worthy causes.
  - i. For instance, Lockheed Martin has donated their JSS payouts to The Invictus Fund and The Courage Fund.
- c. For those who have donated, I thank you for your contributions.

D15. Mr Speaker, Sir, it is heart-warming to see the deep reservoir of social reserves that we have grown as a cohesive and resilient nation-state.

- a. This is the spirit of SG Together in action – a community of deeds, where we support one another, combine our various strengths, and make sure no one is left behind.

## E. CARING FOR THE FUTURE

- E1. Let me now turn to the points made by Members on our fiscal situation.
- E2. I mentioned earlier that Singapore is both a global city and a nation.
- a. As a nation, we have spending priorities that cities do not have.
  - b. Yet unlike other cities, we do not have a federal Government to bail us out.
  - c. As a nation, our planning horizon cannot be just 10, 20 or even 50 years like a company or an individual. We have to think about the countless generations that come after us.
  - d. This is why it is critical that we remain fiscally prudent, to make sure that we spend within our means, and also leave something behind for future Singaporeans.
- E3. For this latest 5<sup>th</sup> support package, we are able to fund it entirely from budget reallocation.
- a. As mentioned in my Ministerial Statement earlier, our guiding principle is prudence, not austerity.
- E4. The Government did an extensive scan, Ministry by Ministry, to identify deferments or reductions in expenditure
- a. Some expenditures such as those for MRT lines, HDB upgrading, and sewerage and drainage works were deferred arising from delays due to the Circuit Breaker and the safe re-opening of the construction sector thereafter.
  - b. Some expenditures were also lower than earlier projected due to COVID-19 and safe distancing measures.
  - c. However, most of these are not savings but delayed spending which will still be incurred in future years as Mr Liang Eng Hwa has rightly pointed out.
  - d. Mr Xie Yao Quan suggested that we should not delay critical projects. And indeed, for projects that are critically important, we will resume this.
  - e. These projects are needed to raise Singaporeans' standard of living and our economic development. We will push ahead when the conditions allow.
  - f. We are also already reviewing major infrastructure projects to account for the longer-term impact of COVID-19.

- i. For example, the construction of Changi Airport Terminal 5 has been put on hold for two years amid uncertainties over how COVID-19 will change the aviation sector.
- ii. There could be further deferments or reductions in scale, if demand takes longer to recover.
- iii. Conversely, we may also need to build in more resilience and safety features, which could raise project costs.

E5. Mr Liang Eng Hwa asked how we would balance our budget. I thank Mr Liang for being forward looking.

### Fiscal Outlook

E6. In fact, looking ahead, our fiscal situation will get tighter.

E7. Our revenues in the medium term are expected to be subdued and uncertain for two reasons.

- a. First, global economic growth will likely remain weakened for several years.
- b. Second, we can expect the global competition for tax revenue to intensify.
  - i. Many advanced economies have accumulated more debt to fund their COVID-19 responses, which they will need to repay.
  - ii. There is an added impetus globally to push for “re-allocation” of taxing rights under the Base Erosion and Profit Shifting project, or BEPS in short.

E8. So even as we contend with these revenue challenges, we cannot lose sight of our goal to secure the long-term needs of Singapore.

- a. As I have shared on multiple occasions, we expect expenditures to increase in public health and pre-school education.
- b. This is vital to ensuring we can take better care of our old and young.

### Strengthening our Fiscal Toolkit for a Better Tomorrow

E9. In order for Singapore to continue thriving as a global city tomorrow, we must ensure our financial security as a nation today.

E10. We are therefore making the responsible decision today, to study how we can strengthen our fiscal toolkit.

E11. Even before COVID-19 struck, we have explained that we are looking into borrowing for major long-term infrastructure.

- a. This will help to spread out the hefty upfront costs equitably across current and future generations who will benefit from such investments.
- b. Our approach will be a principled and prudent one.
  - i. We will borrow only for infrastructure that benefit multiple generations, and ensure that our debt level and future repayments are sustainable.
  - ii. I am glad that Mr Louis Chua echoed our stance to maintain a disciplined use of borrowing for projects that will benefit multiple generations of Singaporeans.
  - iii. We will not borrow just to make up for revenue shortfalls or be opportunistic in timing the market.

E12. However, for recurrent spending like healthcare and education that benefits the current generations, the responsible way is to pay for them using what we earn, through recurrent revenues like taxes.

- a. This discipline ensures that every generation earns and pays its share.

E13. Several Members have asked about the timing of the GST rate increase.

- a. In February this year, I announced that the GST rate will remain at 7% in 2021.
- b. However, we cannot defer the GST rate increase indefinitely. The GST rate increase is to support our future needs in healthcare and pre-school education.
  - a. We will continue to study the timing of increasing the GST rate carefully, taking into account the pace of our economic recovery, our revenue outlook and how much spending we can defer to later years, without jeopardising our long-term needs.

E14. Ms Foo Mee Har asked if our assumptions behind the GST rate increase have been affected by COVID-19.

- a. Indeed, GST collections this year are projected to be down by 14% from what we had estimated before the start of the year, mainly due to the travel disruptions and the impact of the Circuit Breaker.
- b. We expect collections to continue to be lower than usual until international travel recovers fully, which we expect to be at least a couple of years away.

E15. However, let me assure Ms Foo that we remain committed to helping our people manage the impact of the GST rate increase.

- a. We have already set aside a \$6 billion Assurance Package for GST to cushion the increase for Singaporeans when the GST rate is eventually raised.
  - i. For most households, this will offset at least five years' worth of additional GST expenses incurred; and for those living in one- to three- room HDB flats, equivalent to about 10 years' worth of additional GST expenses.
- b. On top of the transitional support, we have the permanent GST Voucher scheme, which will be enhanced to provide more help to lower-income households and seniors.
- c. I would also like to point out that over 60% of the net GST borne by all individuals and households is from foreigners residing in Singapore, tourists and the top 20% of resident households. Mr Leong Mun Wai's suggestion to shelf the GST rate increase indefinitely means that we will lose the additional revenues from these groups which we can use to improve the lives of Singaporeans. I do not know if Mr Leong is aware of this.

### Stewarding Our Reserves for the Future

E16. Mr Speaker, Sir, over the 5 support packages this year, we are committing about \$100 billion to fight COVID-19.

- a. And as what Mr Murali has just showed us in a chart earlier, our fiscal support is very significant – very significant for Singapore, and very significant compared to many other countries.

E17. We did not incur a cent of debt to fund our package.

- a. This is unlike many other countries, which had to borrow further to fund their COVID-19 response, despite being already at high levels of debt.

E18. In Singapore, we are fortunate to have a rainy-day fund built up over the generations that has allowed us to mount a quick and strong response.

- a. We are drawing up to \$52 billion from our Past Reserves to fund the support packages.

E19. Several members have asked for clarifications on this \$52 billion draw. So let me address them.

E20. Mr Louis Chua asked how the draw on reserves would impact the Net Investment Returns Contribution or NIRC.

- a. Yes, there will be some impact to NIRC but the design of the NIR framework is to provide a stable, sustainable source of income to our budget, smoothed out over market cycles.
- b. This means that when the projected returns and value of the net asset base goes down, we do not see an immediate proportionate decrease in NIRC.
- c. In the same way, in periods of sharp spikes in the market and asset values go up, we do not see an immediate increase and overspend.

E21. Mr Gerald Giam asked about the Government's plans to put back the sums drawn from our reserves.

- a. To be clear, under our Constitution, there is no legal obligation for the Government to put back the amount drawn from our Past Reserves. Rather, it is about having the moral obligation and sense of duty to current and future generations, and the recognition that we are stewards of our reserves which have not come by easily.
- b. It is not possible for me to be definitive on how long it will take for us to build up sufficient surpluses to make up the \$52 billion.
- c. I would like to remind everyone that the COVID-19 crisis is not over. The scars it will have on our economy and the global economy are still unknown.
- d. But I can say that it will not be 2 years, and I certainly hope it will not take us 50 years.
- e. How long it will take also depends on the choices we make as a country and Government – whether we continue to manage our resources prudently.
- f. We remain committed to running a broadly balanced budget over each term of Government, and we will assess the viability of returning the amount drawn, depending on our fiscal position.

E22. Mr Leong Mun Wai has suggested the amount of reserves drawn is much less than \$52 billion. He has cited several figures in his speech. I will not repeat his computation but I will just make two points.

- a. First, the NIR framework is based on expected long-term returns, not actual returns. It is incorrect to estimate the actual return by multiplying the NIRC by two.
- b. Second, in considering the amount we are spending from our reserves, it is wrong to subtract the returns from the \$52 billion to derive a net spending figure. In addition to the draw, we continue to spend NIRC which also comes from our reserves. Furthermore, the amount drawn

from the reserves would have generated returns in perpetuity without a draw.

E23. The draw of \$52 billion is unprecedented. No one should downplay its size or significance.

E24. The COVID-19 pandemic has shown us how our reserves allowed us to remain nimble in times of uncertainty.

- a. When I delivered the Unity Budget in February, we did not foresee a need to draw on our Past Reserves.
- b. In fact, Mr Pritam Singh said at the debate then that the Government had, and I quote “the privilege of far more budgetary elbow room, both political and fiscal, than any previous government in Singapore’s history”.
- c. In the short span of 100 days since the Unity Budget when Mr Singh made these remarks, we have delivered three more Budgets and had to propose a draw of up to \$52 billion from our Past Reserves to save lives and livelihoods.
- d. Therefore as you can see, we face great uncertainties. It is too early to conclude we have unlimited space.

E25. We need to be more circumspect when it comes to using more reserves, as we are confronted with greater uncertainties ahead.

- a. First, the global economy and financial system will be more volatile.
  - i. The build-up of debt globally introduces instability in the financial system, which can lead to or exacerbate crises.
- b. Second, we are seeing increasing risk of geopolitical conflicts and deglobalisation.
- c. Third, scientists have warned of the risk of another serious international epidemic caused by a new unknown disease, Disease X. Not if, but when.

E26. I am sure that we all want Singapore to be here for the long haul.

- a. As long as Singapore continues to exist, the question is not whether there will be an externally induced crisis, but when.
- b. If we spend more or even all the returns from our reserves annually, future generations will likely have a smaller buffer in a world of greater uncertainty.
- c. We must therefore ensure that we continue to spend within our means and hand over to our children more than what we inherited from our previous generations.

E27. Mr Liang Eng Hwa asked whether the Government would consider a further draw on reserves, considering the magnitude and severity of this crisis.

E28. Indeed, there is profound uncertainty on the trajectory of this pandemic and its economic impact. We must act early and decisively to support our workers and businesses when needed.

- a. I am prepared to propose to the President a further draw on our Past Reserves should it be necessary for us to do so.

E29. In the medium to longer term, our approach is to adapt and find new ways to generate growth.

- a. We must work hard to get ourselves back in a position where our economy is growing and we can build reserves for the future again.
- b. This is the sustainable and prudent way forward.

## F. CONCLUSION

- F1. Mr Speaker, Sir, let me conclude.
- F2. This COVID-19 crisis is a test of how far we have come as a city and a nation
- a. How we respond will determine how far we will go
- F3. Singapore's dual identity as both a city and a nation has given us agency, nimbleness, and unique strengths.
- a. But it has also conferred upon us some unique challenges which we have turned into successes.
- F4. In the face of new threats and opportunities, we must continue to stay open as a global city yet close-knit as one people and one nation.
- F5. Over the next few months, we will continue to study ways to help our businesses and people emerge stronger.
- a. Our consultations for Budget 2021 have already begun.
  - b. The Emerging Stronger Taskforce is pressing on with the Alliances for Action to seize growth opportunities for Singapore, even as we deal with COVID-19.
  - c. I have also set up teams to look into how we can better support workers and households in the post-COVID world.
- F6. Our battle with COVID-19 is far from over
- a. And the road ahead in a post-COVID world will be uncertain.
- F7. But I am confident that if we stay open and stay united,
- a. We will continue thriving as an exciting and vibrant global city
  - b. And emerge stronger as a cohesive and resilient nation.
- F8. And most important of all, we must retain our core values.
- a. Three days ago, one Mr Sim, who was on MC, wrote to us. He was very concerned about the public discussions that we are having, particularly on the use of reserves.
  - b. Let me quote him, "Singapore could not afford instability, unlike big countries. Once our reserves are used up, Singapore is gone. We do not have natural resources to fall back on."

- c. I thank all Members for your comments, and I leave you with this sobering comment from one of our citizens.
- d. Thank you.