

TO BE CHECKED AGAINST DELIVERY.

DPM’s Ministerial Statement on 5 October 2020

MEDIA COPY

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A. INTRODUCTION

- A1. Mr Speaker, Sir, after a most difficult past several months, the COVID-19 situation in Singapore has stabilised, and large parts of the economy have resumed operations. It has been a test of a generation, which we have tackled as one nation.
- A2. The Government has rolled out a decisive set of crisis management measures to minimise and cushion economic impact, preserve jobs and capabilities, and support households. This includes the support measures which I announced in August, before the opening of Parliament. I made the announcement then, as some of the support schemes were ending in August, and we needed to give our firms and workers certainty during this difficult period. We are now tabling a Supplementary Supply Bill, which provides for the resources to implement the measures announced in August, for debate in Parliament. My Ministerial Statement today will provide context for the Supplementary Supply Bill.
- A3. Mr Speaker, Sir, our four earlier Budgets committed close to \$100 billion of support measures to deal with COVID-19. This is on top of other measures such as special relief measures for debtors and tenants.
- A4. These measures have substantially cushioned economic damage.
- a. MAS estimates that the combined Budgets will prevent the economy from contracting by a further 5.6% of GDP in 2020, and 4.8% in 2021.
 - b. Our economic support measures will also cushion the rise in resident unemployment rate by about 1.7 percentage points this year. This could mean about 155,000 jobs saved over these two years, although we will still see job losses overall. More than half of the jobs saved are due to the Jobs Support Scheme or JSS alone.
- A5. This outcome has only been possible with the collective determination, adaptability, and sacrifice of our people and businesses.
- A6. Today, I want to look forward, and share how we will approach the next six months as our economy reopens, as well as our plans for our longer-term economic recovery, to emerge stronger.

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B. OUR COVID-19 RESPONSE

- B1. The trajectory of our economic recovery depends critically on how well the world deals with this still dangerous virus. Each passing day brings new surprises, and new hope. Even as we learn more about it, there are profound uncertainties ahead.
- a. One major uncertainty is how effective other countries are in containing the pandemic, and the success of policies they adopt in opening their economies.
 - b. Another key uncertainty is whether, and when, an effective and safe vaccine can be developed. Even if such a vaccine becomes available, the pandemic may not end quickly. Supply of the vaccine will be limited initially, and global rollout is likely to be uneven. We also do not know how long the protective effect may last, or if mutation of the virus may render it ineffective.

Our Position in the Fight against COVID-19

- B2. But there is also hope that we can overcome this crisis. **In our fight against COVID-19, we are currently in a stable position, but we must remain vigilant. Amid the uncertainties, we are adapting to living with the virus. We have worked out the steps to further re-open safely in the months ahead.** We are putting ourselves in the best position to fight COVID-19 by focusing on four key prongs.
- B3. First, vaccination. We are working very actively to secure early access to safe and effective vaccines, if and when they become available.
- a. Singapore is an early supporter of the COVID-19 Vaccine Global Access (or COVAX) Facility, which accelerates the development and production of, and equitable access to potential COVID-19 vaccines. Together with Switzerland, Singapore co-chairs the Friends of the COVAX Facility to promote vaccine multilateralisation.
 - b. Singapore is also pursuing the procurement of COVID-19 vaccines with a number of pharmaceutical companies. At the same time, we are supporting local efforts to develop a COVID-19 vaccine, and as well as building up vaccine manufacturing capacity.
- B4. Second, testing. In the meantime, we have increased our Polymerase Chain Reaction (PCR) testing capacity manyfold, and are close to our target of being able to conduct 40,000 laboratory tests a day. We are also evaluating new testing technologies that are less invasive and can produce test results more quickly. This enhanced testing capability will help us safely resume more activities sooner.

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- B5. Third, tracing. Swift contact tracing and isolation of infected individuals are key to limiting the spread of the virus. Our contact tracing teams are doing a sterling job, and using digital tools well. The TraceTogether app, together with tokens that are being distributed nationwide, and the SafeEntry programme, enable contact tracing to reach the speed and coverage needed to rapidly contain viral transmission.
- B6. Fourth, safe management. We must continue to adhere to safe management measures, and do our part to facilitate contact tracing. Keeping community infections low is the key to re-opening our economy safely.
- a. The Multi-Ministry Taskforce co-chaired by Ministers Gan Kim Yong and Lawrence Wong will be releasing more details on the roadmap to Phase 3 in the coming weeks. This will include the expected timeline for moving to Phase 3, changes to current regulations on the size of group gatherings, and participation at mass events.

Our Plan for Next Bound of Support

- B7. While managing the healthcare front of the COVID-19 battle, we must also deal with the economic and social fronts. Many of our businesses, workers, and households have been hit hard by the disruptions and uncertainties due to COVID-19. Our path to recovery will not be easy.

Support for Firms and Workers

- B8. Our support over the four Budgets has been to provide immediate relief and also to minimise the scarring effects of COVID-19 on our economy, by preparing our businesses and workers to emerge stronger. In short, we are working together to alleviate near-term pains to build for a better tomorrow. We will remain focused on these over the next six months.
- a. With the situation stabilising in Singapore and some parts of the world, we will progressively open up more activities, at a pace that enables new practices to be internalised, to keep everyone safe.
- B9. The performance and outlook for different economic sectors is highly uneven.
- a. Some sectors are doing better than before COVID-19. Firms in the IT, biomedical, e-commerce, and finance sectors have benefited from the rise in demand for these services during this period.
 - b. Some restaurants and hawkers are on their way to recovery.

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- c. Construction activities will gradually resume as we complete the testing of workers and as they adjust to new safe management measures.
 - d. But sectors that involve the movement of people across borders, such as aviation and tourism, will recover only when people around the world feel safe enough to resume travel, and this will take some time.
 - e. And businesses that involve large gatherings, such as in MICE, sports and concerts, will recover slowly, unless rapid test kits are effective in screening participants for safe entry.
- B10. Not only are the outlooks different for different sectors, but within sectors, firms that have been nimble are doing better. For instance, some wet market stalls started online selling, and are enjoying robust business. Given these differences in outlook between and within sectors, we have adjusted broad-based wage support under JSS.
- B11. For the hardest-hit sectors such as aviation and tourism, which face an uncertain road to recovery, our aim is to help companies preserve core capabilities and enable workers to retain specialised skills.
- a. As earlier announced in August, this will be through the Enhanced Aviation Support Package, a temporary redeployment programme, and the SingapoRediscoverers Vouchers.
 - b. In addition, we will **extend the Enhanced Training Support Package**, or ETSP, which I enhanced in the Resilience Budget. I will extend the ETSP for another six months, until 30 June 2021, to provide enhanced course fee subsidies for firms in our hardest-hit sectors. I will extend the ETSP to the Marine and Offshore sector from today, on top of the existing sectors such as Air Transport, Retail, and Tourism. In recognition of the gradually recovering economic situation, we will also be lowering the absentee payroll rates to 80% from January 2021, capped at \$7.50 per hour.
- B12. In tandem, we will **continue to provide strong support to firms that are growing**. In this way, our workers can move into growth areas, stay employed, and build new skills.
- a. We have enhanced support for startups, via the Startup SG Founder programme. Since I announced the enhancements in August, more than 500 aspiring entrepreneurs have signed up for the 3-month Venture Building programmes.

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- b. We will provide wage support of between 25% and 50% for each new local hire in firms which increase their total local headcount, through the Jobs Growth Incentive, or JGI. The support will be for the first \$5,000 of gross monthly wages for up to 12 months.
 - c. As persons with disabilities may face greater challenges in finding jobs, **I will provide the higher tier of wage support of 50% under the JGI to all Persons with Disabilities.** This will apply to new hires of Persons with Disabilities from September 2020 to February 2021.
 - d. To give a boost to businesses seeking to internationalise, transform and digitalise, **I will extend or enhance our capability-building grants, namely the Market Readiness Assistance Grant, the Productivity Solutions Grant, the Enterprise Development Grant, and the PACT programme.** These will enable firms to tap on new sources of growth. MTI will announce details in the coming weeks.
- B13. Even as we shift our approach in supporting businesses and workers as the economy recovers, we will **make sure that support does not taper off too sharply.**
- a. We had earlier enhanced support through loan schemes to provide working capital support for viable businesses. **We will extend the Temporary Bridging Loan Programme for six months,** until September 2021, at reduced levels. **MAS will also extend the MAS Singapore Dollar Facility for Enterprise Singapore Loans,** until September 2021.
 - b. We will adjust the support available under the Enterprise Financing Scheme to help Singapore enterprises access financing in areas such as trade and project needs.
 - c. MTI and MAS will announce more details later.
 - d. Later today, MAS will be announcing details on the extension of payment moratoriums, at a tapered level of support. Taken together, the staging of these measures avoids sharp drops in support, while facilitating restructuring where needed.
- B14. **All this support for our firms will ultimately benefit our workers.**
- a. The best way to protect the welfare of our workers is a good job. By helping viable firms stay afloat during this difficult period, they can retain their

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workers. By helping firms to restructure and retrain their workers, they can emerge stronger.

- b. More competitive and productive firms can provide better jobs and better prospects for workers.
 - c. And more skilled and committed workers make firms more competitive.
 - d. This synergy between competitive firms and capable workers is critical for both to do well.
 - e. As part of our long-standing practice of tripartism, we must not fear, but instead ride on change together to achieve synergies and to emerge stronger.
- B15. But even with the best efforts, some firms, especially in hardest hit sectors, may not survive or may have to release their workers. So other than supporting workers through our firms, we will continue to provide our fullest support to workers who have lost their jobs, to help them reskill and move into firms that are hiring.
- B16. The National Jobs Council is implementing the SGUnited Jobs and Skills Package that I announced at the Fortitude Budget in May.
- a. The Council has curated 117,500 opportunities under the SGUnited Jobs and Skills Package as of end-August. This is good progress, but we must press on.
 - i. The Council is working closely with companies to hire mid-career jobseekers looking to make a switch in their careers, and to redeploy workers in affected sectors where activities are low, such as aviation and tourism, to areas of need and where their skills are valued, such as healthcare and childcare.
 - ii. It is also engaging companies to offer traineeships, company attachments, and training opportunities, which can later lead to good jobs.
 - b. **The key task is now to make sure that workers know of, and are successfully matched to these opportunities.** We are doing this across multiple channels.
 - i. We have set up SGUnited Jobs and Skills Centres in every HDB town and have Career Ambassadors to reach out to residents.

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- ii. The Singapore Business Federation, or SBF, is working closely with other TACs and NTUC's e2i to do business-to-business job matching across sectors, through the SBF SGUnited Jobs Initiative.
 - iii. MOM and WSG will also be appointing employment agencies as Placement Partners, to assist in placements.
 - c. I encourage everyone to step out of your comfort zones and keep an open mind to learn new skills and take on new jobs.
 - d. One good example is Ms Tan Bee Lian, who is preparing to be a Healthcare Assistant after being in the Oil and Gas industry for over 30 years. This is very commendable.
- B17. To help those who have lost their jobs, MSF has recently extended the COVID-19 Support Grant, and applications are open until the end of the year. Beyond this year, we are studying the support for self-employed persons and workers who are most vulnerable. The continuation and form of support will depend on the labour market situation and economic outlook. One key consideration is to make a stronger link to helping individuals find a new job or to acquire new skills. In this way, we can better prepare our displaced workers for new opportunities as firms restructure. We will provide an update before the end of the year.

Support for Households

- B18. Other than supporting our businesses and workers, we will also continue to support our households.
- a. The household support announced earlier continues to flow in the coming months. Please refer to this slide on schedule of support measures, which will also be digitally distributed to Members after the session. In it, you will notice that in October alone, eligible households will receive the GST Voucher – U-Save, the first tranche of Grocery Vouchers, and Service and Conservancy Charges, or S&CC, rebates. Eligible lower-income workers will also receive the October tranche of Workfare Special Payment.
 - b. We have received feedback that COVID-19 has caused some aspiring parents to postpone their parenthood plans. This is fully understandable, especially when they face uncertainty with their income. Hence, to help with expenses during this period, **we will introduce a one-off additional support for newborns**. This will be on top of the Baby Bonus Cash Gift, which provides

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eligible parents up to \$10,000 in benefits. Minister Indranee will share more details on the additional support soon.

- B19. I have laid out our approach to support our firms, workers and households in dealing with COVID-19 in the next six months. We will adjust our support if necessary, in response to changes on the medical front and global economic developments.
- B20. I hope that businesses, workers and households will make good use of these resources in the months ahead.

C. OUR ROADMAP FOR THE FUTURE

Inclusive and Resilient Society, Dynamic and Growing Economy

- C.1. Beyond the immediate crisis, we want to emerge from COVID-19 stronger as a society and more united as a people. We are determined to have better jobs for our workers, and stronger support to enable them to bounce back if they fall. We want to build an endearing home for future generations, and a fair and caring society based on what we stand for as a people.
- C.2. To deliver on these priorities, we need a dynamic and growing economy, with good jobs for all Singaporeans. Economic growth is an enabler for individuals and families to realise their aspirations, and ensures that the public sector is adequately resourced to invest in our national priorities. Given the importance of economic growth as an enabler, I will now spend some time to sketch out the broad strokes of our strategy.

Shifts

- C.3. The post-COVID-19 global economy will be different. Our future economy must be responsive to structural shifts, many of which have been accelerated by COVID-19.
- a. Support for globalisation is weakening, and some countries are turning inwards.
 - b. The adoption of digital technology has been given renewed impetus, unlocking new sources of return. Digital technology and its many applications are the new capital of the innovation-driven future economy.
 - c. Asia continues to rise in global economic weight, as its recovery accelerates.
 - d. Ensuring sustainability and care for the environment are gaining momentum.
- C.4. At home, we face slowing resident labour force growth. Future economic growth will come from raising productivity across the economy. So we must make the best use of the skills and talents of our people and use new technology as a key complement.

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- C.5. We are at a critical juncture in our economic development and the stakes are high. In the next few years, economies will undergo rapid transitions. Depending on their response, COVID-19 will benefit some and disadvantage others, whether at the firm-level, sector-level, or across the entire economy. We must take the actions now that will allow us to not just get through COVID-19, but more crucially, gain ground that will pave the way for our next lap of economic growth in the next five to ten years.
- C.6. I will speak on what we are preparing for in this next lap of growth. Before I get into the details, I wish to stress that everything this Government does to protect, re-open, and grow our economy – we do, not for the economy’s sake, but for our people. We strive to secure a way for Singapore to continue to make a good living, so that Singaporeans can have a good life. That is our guiding principle.

The Way Ahead

- C.7. Thankfully, we are in a good position.
- a. Since 2017, the Future Economy Council has been driving the implementation of our Industry Transformation Maps, or ITMs, to restructure our economy sector by sector, firm by firm. We have made good progress.
 - i. Before COVID-19, our resident unemployment rate was low at 3.2% as at end-2019¹.
 - ii. Between 2016 and 2019, overall productivity, measured by real value-added per actual hour worked, rose by a creditable 2.4% per year. This is also an improvement over the 2.2% per year growth in the preceding three-year period².
 - iii. Overall, real median income³ for Singaporeans grew by 3.7% per year in the last three years, up from 3.2% in the preceding three years. Incomes at the 20th percentile grew by 4.4% per year in the past three years, up from 4.0% in the preceding three years⁴.
 - b. In 2015, we launched the SkillsFuture movement as well as our Research, Innovation and Enterprise, or RIE 2020 plan. These support our ITM work by strengthening our foundations of skills and innovation.
- C.8. We are building on our good position, and keeping up the pace.

¹ Source: Labour Market Report, Ministry of Manpower.

² Source: Ministry of Trade and Industry, Department of Statistics.

³ Gross monthly income including employer’s CPF contribution.

⁴ Source: Comprehensive Labour Force Survey, Manpower Research and Statistics Department, Ministry of Manpower.

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- a. In the midst of this pandemic, I set up the Emerging Stronger Taskforce in May to update our economic roadmap to respond to the new realities, and to emerge with a new competitive edge.
 - b. There are many new business and growth opportunities for Singapore to seize, and the Taskforce has already made significant progress in this through the Alliances for Action.
 - i. As rapid-action taskforces, the seven Alliances have rallied key players around common challenges faced by industry. They are developing prototypes to validate new business ideas, new business models, and new business solutions, in areas such as sustainability, robotics, and safe visitor experiences. Government agencies are partnering businesses to review regulations and promote innovation.
 - ii. Beyond the first wave of Alliances, the Taskforce is looking to launch new Alliances to build momentum for change and explore opportunities in new areas of growth, such as MedTech. The Taskforce will share more details.
- C.9. All these moves build on our ITM framework to deliver a refreshed economic strategy for a post-COVID-19 world, with emphasis on three priority areas.
- a. **First, remaking Singapore as a Global-Asia node of technology, innovation, and enterprise.** We will secure our external economic linkages as a vital global node in Asia, and transform ourselves into a vibrant centre of technology and innovation.
 - b. **Second, redoubling our efforts to foster inclusive growth.** With COVID-19 revealing vulnerabilities in our labour market, we need to better understand its structure, and upgrade jobs and skills across all segments of society.
 - c. **Third, investing in economic resilience and sustainability as a source of competitive advantage.** Our resilience can be a source of growth, at many levels – for our individuals, industries, nation, and the world.

Remaking Singapore as a Global-Asia Node of Technology, Innovation, and Enterprise

- C.10. Let me start with the first key move, which is to remake ourselves as a Global-Asia node of technology, innovation, and enterprise.

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Global-Asia Node

- C.11. COVID-19 has changed travel patterns, sharpened the fragmentation of supply chains, and accelerated digitalisation in different markets. It has also heightened emphasis on resilience as companies and countries review their operations.
- C.12. Asia, in particular Southeast Asia, will continue to grow as one of the key global engines. We must deepen and broaden links to build up Singapore's role at the heart of Asia's growth, while forging connectivity with other key markets. A role that we have played in our long history as a trading port and which we will renew in two ways:
- a. One, rebuild and grow our physical connectivity – in travel and trade; and
 - b. Two, enhance and expand our digital connectivity.

Physical Connectivity

- C.13. Our air hub has been badly affected by COVID-19, and we are sparing no effort to rebuild it.
- a. Compared with last year, passenger traffic has fallen by more than 98% in August, with daily passenger volume of about 3,000, down sharply from 190,000 previously⁵.
 - b. When global passenger traffic resumes, as it surely will, the Changi Air Hub will resume its role at the Global-Asia node, together with all the related sectors such as tourism, manufacturing and logistics.
 - c. Accordingly, we must re-establish our position by reopening our borders gradually, positioning Singapore as a safe destination, levelling up capabilities, and refreshing our infrastructure.
 - d. We are committed to revive our air hub and restore our air connectivity. The Multi-Ministry Taskforce is studying this carefully as part of our broader re-opening plans, and the Minister for Transport will share more in his Ministerial Statement tomorrow.
- C.14. Our maritime trade has to date remained resilient to COVID-19, and we will accelerate moves to strengthen our position.

⁵ Source: Changi Airport Group.

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- a. Notwithstanding the 13.5% drop in global trade on a year-on-year basis in the first half of 2020⁶, container throughput at Singapore's ports fell by a milder 1.1% over the same period⁷. At the same time, firms are more prepared to diversify their operating bases to increase resilience.
 - b. So we must press on with improving transshipment capabilities, inking trade facilitation agreements, and anchoring key shipping routes through Singapore.
 - i. The first few berths of Tuas Port are on track to be operational by 2021.
 - ii. The Regional Comprehensive Economic Partnership is slated to be signed this year, connecting a trade region of 15 countries accounting for about 30% of the global population and GDP.
- C.15. Moving ahead, we will further strengthen our value proposition through greater regional cooperation, and by building up a leading trade and logistics ecosystem.
- a. Southeast Asia can benefit from the greater premium on supply chain resilience through **regional cooperation**.
 - i. For example, the Iskandar Malaysia and Batam, Bintan, Karimun region presents good opportunities for companies to cluster the full value chain of complementary activities from research and development, to regional headquarters and manufacturing.
 - b. To support our ambitions, we will **significantly strengthen our entire trade and logistics ecosystem**, deepening capabilities in our port, airport, and beyond.
 - i. We will enhance our infrastructure for Singapore to handle larger flows of food, pharmaceuticals, electronics, and e-commerce.

Digital Connectivity

- C.16. We will accelerate the build-up of digital capabilities, which will be a game-changer for Singapore's connectivity with Asia and the world. Digital payments and data facilitate physical trade. It makes the exchange of varied goods and services more efficient, opens up new possibilities, and strengthens our value proposition as a trading node.
- a. Within Singapore, the Alliance on Supply Chain Digitalisation is exploring options and bringing together key players across the supply chain in this venture.

⁶ Source: World Trade Organisation.

⁷ Source: Maritime and Port Authority of Singapore.

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- b. We have also concluded Digital Economy Agreements with Australia, Chile, and New Zealand, and have ongoing talks with South Korea. These agreements establish common frameworks and rules for digital trade, enabling our businesses, especially SMEs, to access international markets more easily.
- C.17. These moves to enhance Singapore's digital connectivity will open up new markets and opportunities for our businesses.
- C.18. As part of our ITM work, we are helping firms to make full use of digital technology. COVID-19 has accelerated the digitalisation and transformation of many businesses, big and small.
- a. Since January this year, enterprises have embarked on over 27,000 projects to improve their productivity and build new capabilities through the Productivity Solutions Grant and the Enterprise Development Grant schemes.
 - b. During my dialogue with businesses on Friday, I met the founder of Seonggong, a restaurant group with brands such as Seorae Korean BBQ. Seonggong used digital technology to revamp its operations, from accounting to ordering to procurement. So much so that increased sales from online deliveries have more than offset losses from their dine-in business, by 10%.
 - c. The experience of businesses shows that digitalisation is a strategic capability to unlock growth, evolve their models to harness digital possibilities, and to integrate processes such as logistics, payment, and marketing.
 - d. We will press on with our ITM work, which helps businesses big and small, to transform holistically, bringing together the different aspects needed to upgrade.
 - e. A key priority for us now is to build on this momentum and bring digitalisation to our heartlands. Senior Minister of State Sim Ann and Minister of State Low Yen Ling will be announcing further plans for heartland enterprises in the coming days.

Technology, Innovation, and Enterprise

- C.19. I have spoken on seizing new opportunities through physical and digital connectivity. Beyond being an effective and trusted broker for trade and digital flows, we must be a key node where new ideas are born and nurtured into globally-competitive enterprises.
- a. Today, we have a business-friendly environment, strong rule of law, a skilled and diverse workforce, advanced infrastructure, and a globally-competitive

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ecosystem of financial and professional services. We must continue to build on these complementary strengths built up over the years.

- C.20. We will be unveiling a **new five-year Research, Innovation and Enterprise, or RIE plan** in December. The plan will build on earlier investments and enhance research to support areas of national priority, such as early childhood development, lifelong learning, and keeping our seniors healthy. We will expand our transformation of the manufacturing, aviation and maritime industries, and deepen our capabilities as a Smart Nation and sustainable society.
- C.21. We will also position Singapore as a global intellectual property (or IP) centre in Asia. Ministers Indranee Rajah and Edwin Tong are leading our efforts on our Singapore IP Strategy 2030, and will share details at World IP Day.
- C.22. A major effort will be to integrate the work of the Future Economy Council and our RIE plan, so as to accelerate our transformation into an innovation-led economy, powered by technology. In this way, our businesses can be more competitive, and our workers can achieve more.
- C.23. An example of how we will scale up the translation of ideas and technology into business improvements is through the use of **innovation platforms that bring industry and researchers to work together** on specific challenges.
- C.24. We are also promoting the Open Innovation Network, an online platform which brings problem owners and problem solvers together to create industry-led solutions.
- a. Since 2017, a total of close to \$13 million in grant and prize monies has been awarded to firms with viable solutions to deploy and scale their ideas under Enterprise Singapore's Gov-PACT and IMDA's Open Innovation Platform.
 - b. This year, we have taken this further, with two rounds of National Innovation Challenges. We hope to see the outcome of these in the coming months.
- C.25. To summarise, we are making good progress in our move to position **Singapore as a Global-Asia node of technology, innovation, and enterprise**. By enhancing our connectivity and making innovation pervasive, we can better meet the challenges of a post-COVID world, and create good jobs and a brighter future for all Singaporeans.

Fostering Inclusive Growth

- C.26. Our aim is not just to grow a vibrant, innovative economy, but an inclusive economy, where growth uplifts all Singaporeans.
- C.27. To achieve inclusive growth:

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- a. Our workers need to have the skills to stay relevant; and
- b. We need to provide holistic support to uplift our vulnerable workers.

Growing Skills for Every Worker

- C.28. First, skills. To take on good jobs and enjoy the fruits of growth, our workers need the right skills for the job.
- C.29. We have a strong base of human capital developed through our education system.
- C.30. But there are big changes upon us. There is stiffer global competition. With deep technological changes, skills are going obsolete faster.
- C.31. We will therefore **need extensive upskilling and continual reskilling of our workforce, to equip our workers to continue to get good jobs.** We want to do so for **every worker at every age.** We are investing significantly.
- a. This year, we have set aside about \$3 billion for the SGUnited Jobs and Skills package to provide immediate employment and training support for our workers.
 - b. This is on top of the close to \$5 billion set aside over three years for our longer-term structural measures, to support workers of all ages to upskill and access new job opportunities.
- C.32. Firms and training providers have a major part to play. I urge all firms to make full use of the schemes for developing our people.
- a. We have a suite of leadership development programmes for Singaporeans at various stages of their careers, such as the Global Ready Talent Programme, and the SkillsFuture Leadership Development Initiative.
 - b. Companies on the Human Capital Partnership, or HCP Programme, which recognises fair and progressive employers, have also benefited, as the HCP mark endorses them as employers of choice.
 - c. We will work closely with industry and training providers, to make sure that the skills workers learn are useful.
 - d. Skills upgrading is most effective when the training is relevant to the company's needs, and jobseekers have certainty in the value of the training. For example, through NTUC's Company Training Committees, our Professional Conversion Programmes, or PCPs, and TechSkills Accelerator Company-Led Training programme for ICT jobs. These have had good outcomes. For example,

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about nine in 10 of PCP employees remained in employment 24 months after being placed, and about seven in 10 saw a wage increase after starting their new jobs.

- e. As part of this whole-of-society movement to build skills, companies too, need better skills! Skills to develop their workers, and redesign skills-based jobs to move beyond paper-based qualifications. We will continue our work through our ITMs, together with our unions, to drive these changes in each firm and in each sector.

C.33. And finally, individuals have a key part to play in taking charge of their own learning.

- a. Our schools provide a good foundation. We are increasing the digital skills content in our schools and Institutes of Higher Learning, to prepare our young for a digital future.

- b. But learning does not stop after leaving school. We spend more years outside of school than in school. We all need to learn through life. In the process, we can enrich our lives, and our society at large.

C.34. Even as we level up the skills of every worker at every age, we still need to **bring in global talent to complement our Singapore talent. By building on complementary strengths, we can build cutting-edge capabilities in our workforce and our firms, and plug into global networks. This will ultimately benefit all Singaporean workers.**

- a. We will continue to update our foreign workforce policies carefully, such as our Employment Pass and S Pass rules, to achieve this synergy.

C.35. Let us all play our part in building a strong, skilled workforce together. Singaporeans, growing up in a multicultural society, have an edge in building relationships with people around the world, especially in a more fragmented post-COVID landscape. Let us build on this.

Supporting Workers Across Society

C.36. I have covered how we will grow skills across the workforce to keep our workers competitive. The second way to ensure inclusive growth is to help vulnerable and lower-wage workers raise their skills and secure good jobs.

C.37. I had a good discussion recently with career coaches and union leaders, to better understand the challenges experienced by different groups of jobseekers.

- a. Each worker also faced different challenges. For some, it was a skills gap issue. For others, it was an issue of expectations – trying to find a job which matched

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their earlier salary. For yet others, especially mid-career and mature executives, employers were concerned about whether they could adapt.

- C.38. These are all important issues that we need to tackle together, urgently.
- a. For example, our lower-income workers have been particularly hard hit by COVID-19. Many of these workers face a twin challenge, as they are also in sectors that will be affected by longer-term structural changes in the economy, such as retail or F&B. Some are also in the gig economy.
 - b. Our middle-income and middle-age workers also have heavy family responsibilities and commitments, but face the challenges of a rapidly evolving labour market.
 - c. For all these workers, there is even more urgency to upskill and transition into jobs with good long-term prospects.
- C.39. In the design of our support schemes, we have been deliberate in channelling additional support to vulnerable groups, to help them access opportunities and stay in good jobs.
- C.40. For example, mature and older workers are eligible for higher wage support in our career conversion programmes, as well as higher course subsidies. I announced some of these earlier this year as part of our SkillsFuture Mid-Career Support Package.
- C.41. Our lower-income workers also get additional support for skills upgrading via the Workfare Skills Support scheme. This has been implemented in July 2020 to better support acquisition of skills and qualifications that are more likely to lead to higher wages.
- C.42. The Progressive Wage Model, or PWM, is an important labour policy innovation. PWM is more than a sector-based minimum wage.
- a. It is a 4-in-1 framework comprising a Job Ladder, Skills Ladder, Productivity Ladder and Wage Ladder. These four upgrading ladders are mutually reinforcing.
 - b. By offering a proper career ladder, skills upgrading ladder, productivity improvement ladder and wage enhancement ladder, our 4-in-1 PWM transforms jobs that are traditionally less attractive to our locals.
- C.43. We will expand PWM to more sectors over time, while making sure that businesses in those sectors can absorb this change. Companies that voluntarily pay progressive

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wages and provide advancement pathways for lower-income workers will also be recognised with a PWM Mark.

- a. In doing so, we will raise skill levels, and create more and better jobs. And in time, we will slow down the future growth of the foreign workforce in these sectors.
- b. We may still be battling the downturn, but will be actively looking to identify the next few sectors where we can use this 4-in-1 framework, to redesign jobs and raise skills levels, and expand PWM to benefit more groups of lower-wage workers as soon as conditions allow.
- c. This will also mean that business costs will go up, which will add to the difficulty of businesses during this time. But COVID-19 has highlighted why it is critical, for long-term survival, for firms to be more manpower-lean, productive, and have jobs that are attractive to our locals.
- d. We will have to explore solutions, and the Government will provide support for the transition.

C.44. It is a continuing journey to improve the job market for our more vulnerable workers. Beyond incentives, we need to shift culture and employer mindsets. But if we focus on the strengths of our workers and adopt flexibility in job design, we can customise creative solutions for different groups of workers.

- a. For example, we know that some workers find it hard to travel far for work. At the same time, some of the shops in our heartlands may find it difficult to find workers. By putting these job openings together, and placing them at potential touchpoints like Social Services Offices, CCs, MyCareersFuture portal, and SGUnited Jobs and Skills Centres, we can facilitate job matches for these workers.
- b. I have asked Minister of State Low Yen Ling, who is also Chairperson of the Mayors' Committee, to look into how we can better help our displaced mature professionals, and how we can make better use of micro-jobs to bring job opportunities closer to the heartlands. More details will be announced later.

C.45. Given the scale of structural changes in the global economy, we need to redesign jobs and reskill workers, across all our ITMs, in significant ways. We need to be innovative in pursuing this, and work in close partnerships between employers, workers, and our unions. It will take time and effort, but if done well, will usher in a more dynamic and inclusive economy.

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Investing in Economic Resilience and Sustainability as a Source of Growth

- C.46. I have covered the first and second moves in this next phase of our industry transformation journey. Our third key move is to invest in our economic resilience and sustainability as a source of growth and competitive advantage.
- C.47. Economic resilience is not a new idea for Singapore. We have achieved resilience through a diversified economic structure, with multiple engines of growth. No one industry accounts for much more than 20% of our GDP, so we do not put all our eggs in one basket.
- C.48. We thus entered the COVID-19 pandemic on a relatively strong footing.
- a. We were able to ensure sufficient medical supplies and essential goods for our public and healthcare workers because we had a strategic national stockpile in place, supported by a combination of local production of essential supplies, and a diverse network of trading partners.
- C.49. Nonetheless, COVID-19 exposed vulnerabilities around the world. Beyond essential goods, critical inputs for industrial production and access to workers were cut off due to global work stoppages and travel bans. Demand also ground to a halt in many industries.

Economic Resilience

- C.50. We must therefore act now to improve our economic resilience. In doing this, we may have to creatively combine the efficiency of having things ready “just in time” with the resilience of building buffers “just in case”.
- C.51. Will this drive for resilience come at the expense of growth and efficiency? Not necessarily so. For example, firms that embrace technology raise not only productivity, but also resilience.
- a. Lingjack, a manufacturer of fire extinguishers, automated its labour-intensive production lines in 2017. With over 90% of its production lines automated, Lingjack achieved efficiency gains of up to 40%. At the same time, this also made the company less vulnerable to worker shortages during the COVID-19 pandemic.
- C.52. One key way to **enhance our resilience and to grow** is to produce essential supplies locally, which can be used both for local consumption and export. One example is medical supplies, such as masks and test kits.

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- a. Another example is food. We set ourselves the ambitious “30 by 30” goal of producing 30% of our nutritional needs locally by 2030, up from less than 10% today. Our agri-food sector will enhance our resilience to food supply disruptions.
- b. The technology developed in support of this strategy, such as in seeds and alternative proteins, can be exported. We can grow these capabilities, building on our strengths in R&D and our standing as a trusted hub.
- c. Singapore is already the global R&D centre for AgriProtein, one of the world’s leading insect protein companies. The R&D team develops technologies to upcycle food waste into sustainable animal feed solutions.

Sustainability

C.53. As we grapple with climate change, environmental sustainability is an important aspect of our economic resilience for a low-carbon and resource-constrained future. Here again is an opportunity for the green sector to be a growth industry in its own right, and to power our economy.

C.54. First, we are transforming our industries to build a sustainable economy.

- a. We will continue to invest in research into energy and resource efficiency technologies, and encourage adoption of these technologies through various incentives under EDB, EMA, BCA and NEA.
- b. Going forward, we will further promote the decarbonisation of the economy and pursue initiatives for a more sustainable economy.
 - i. Under our Zero Waste Masterplan, we will promote the circular economy, and support businesses to turn “trash to treasure” – namely, to recycle or transform waste into useful inputs for production. Harnessing the circular economy model, JTC is working with companies on Jurong Island to build a more sustainable Jurong Island.
 - ii. We are increasing our deployment of renewable energy sources, such as solar energy, at both the national and industry level.
 - iii. And we will invest in new capabilities and solutions such as hydrogen and carbon capture, utilisation and storage to complement our existing R&D efforts. In time, we hope that these promising technologies can become commercially viable decarbonisation pathways in future.

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- C.55. Even as we transform our existing industries, we are seeking new business opportunities in the green economy, given our region's growing needs for sustainable development.
- a. We will establish ourselves as a carbon services hub in Asia.
 - i. Efforts to limit the growth of carbon emissions will increase the demand for engineering, legal, and consultancy services related to carbon services.
 - ii. The Alliance for Action for Sustainability is market-testing some concepts and business opportunities.
 - b. Finance is also an important enabler of green growth. We are developing financing solutions and markets in Singapore to help firms finance their adoption of more sustainable practices under MAS' Green Finance Action Plan.
- C.56. Taken together, our moves to strengthen our economic resilience and sustainability serve a dual purpose. They strengthen our economy so that we can bounce back quickly and better from shocks, while adding to our value proposition as a vital global node in Asia. In turn, all these initiatives will create many new opportunities and valuable jobs for our people.

Summary

- C.57. Mr Speaker Sir, I have set out a set of interlocking strategies that will enable us to build back better and emerge stronger from this crisis. These strategies strengthen both our economy and our social compact.
- C.58. The key to achieving our objectives is working together. In our system, tripartism – between the Government, businesses and the Labour Movement – has been a tremendous source of strength.
- C.59. Our Emerging Stronger Taskforce's Alliances for Action are a new form of collaborative partnership – nimble, action-focused partnerships that involve people from a wide spectrum of society, while putting ideas into action quickly. This will further strengthen our capacity for economic transformation and change.
- C.60. By working together, our businesses will be better positioned to capture new opportunities in Asia, digitalisation, innovation, and to build a more resilient and sustainable economy. Our people will be better placed to take on these new opportunities and bounce back from setbacks. We can then emerge from this pandemic stronger as an economy, as a society, and as one people.

D. OUR FISCAL POSITION

- D.1. As I announced in my August Ministerial Statement, the continued support for our fight against COVID-19 will cost a further \$8 billion this financial year. The additional measures I have spoken on today remain within this and earlier voted sums.
- a. I will fund the additional expenditure by reallocating monies from areas with reduced spending, such as development projects that have been delayed due to COVID-19. The proposed reallocations are indicated in the Supplementary Estimates presented to Parliament today.
- D.2. When I announced the Fortitude Budget just after the start of the financial year, the economic situation and overall revenue picture were highly uncertain. We are now in the middle of the financial year, and are in a better position to revise the overall revenue estimates.
- D.3. Hence, I am presenting the revised revenue estimates to Parliament, which also take into account the revenue forgone arising from measures in the Fortitude Budget. The revised estimates will reflect a \$1.5 billion draw on Past Reserves resulting from these measures, such as the Foreign Worker Levy waiver, for which the President had given in-principle approval. There is no additional draw for this latest support package itself. The total draw on Past Reserves remains within \$52 billion.
- a. When I briefed the President and the Council of Presidential Advisers in August, I thanked them for their earlier support and approval for the use of Past Reserves to fund our response to COVID-19.
 - b. In total, we are dedicating close to \$100 billion to support our people and businesses.
- D.4. We are starting this new term of government from a most challenging fiscal position.
- a. For this financial year, we already expect operating revenues to be 16% lower than initial estimates presented at the Unity Budget in February 2020.
 - b. Revenue collections are expected to fall across all categories of revenue. For example, compared to the estimates at the start of the year, we expect GST collections to be down by 14%.
 - c. We expect our revenue position to be weak for a number of years, as the effects of COVID-19 on the global economy linger, and our economy slows. At

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the same time, our expenditure will rise as we continue to provide support for our people and businesses.

- d. In short, the Government is bearing a substantial part of the economy-wide adjustment during this crisis, through reduced revenues and substantial transfers to households and businesses.

D.5. This challenging fiscal position is a result of a global pandemic that no one could have predicted. What is within our control is how we use our fiscal resources well to respond to this crisis, and to prepare for the future.

- a. We have dedicated close to \$100 billion to support our people and businesses through this difficult period. As we do so, we must be careful not to spend in a way that squanders what generations before us have painstakingly built up.
- b. Our guiding principle is prudence, not austerity. We will continue to invest decisively in our national priorities, with a deep commitment to leave behind a better future for our children.

D.6. There is much work to be done to transform our economy, and to build a fair and inclusive society, a sustainable and liveable city, and a safe and secure Singapore. We will have to find ways to fund these sustainably – higher taxes, and more effective spending. These are difficult choices, but we must meet them head-on.

- a. We will pay for our recurrent needs, like healthcare spending, with recurrent revenues, such as taxes.
- b. We will also maintain a disciplined and judicious use of borrowing, reserving its use for long-term infrastructure whose benefits are spread across many generations.

D.7. Our Past Reserves have been critical in our fight against COVID-19.

- a. Governments around the world have committed trillions of dollars in response to COVID-19, and their debt levels have risen to record highs. Such debt will take generations to pay off.
- b. We have avoided this outcome, because successive generations have built up strong reserves ahead of this crisis.
- c. We must have the discipline to start earning, saving, and investing for the future again.
- d. COVID-19 is not our first crisis, and certainly will not be the last.

E. CONCLUSION

E.1. My Speaker, Sir, before I conclude, allow me to say a few words in Mandarin.

E.2. 新加坡的冠病疫情已经稳定下来。国人的配合是我们控制疫情的关键。我们绝对不能掉以轻心，大家还是必须配合防疫工作，遵守安全距离措施。

a. 冠病检测、病例追踪和疫苗的研发和生产，以及其他国家控制疫情的进度将决定我国什么时候能够安全地重启所有经济活动。

E.3. 目前，各经济领域复苏的速度不一样。因此，我们将从现在到下一个财政年或以后，继续为国人和企业提供援助。

a. 我知道许多企业仍然面对资金周转的问题。因此，我将延长过渡性贷款计划到 2021 年 9 月，但政府的资助将减少。新加坡金融管理局也将同样延长新元贷款计划，协助企业继续获得信贷。

b. 另外，我们也会延长升级版培训援助配套到 2021 年 6 月，为受重创的行业如航空及旅游业等提供培训方面的补贴。

c. 我们了解疫情带来的不确定性导致许多年轻家庭推迟生育计划。因此，我们将为符合条件的夫妇提供一次性额外补贴，协助他们减轻养育孩子的负担。

d. 此外，政府已经开始制定 2021 年的财政预算案。我们将继续同企业、工友和社区团体紧密合作，共同规划新加坡未来的发展方向。

E.4. 要为国人创造更多优质的工作，我们需要有一个蓬勃的经济。所幸的是，政府之前已经开启了企业转型的工作，设立了未来经济理事会，为各个领域推出了产业转型蓝图。我们也成立了“越战越勇工作小组”来更新我国的经济蓝图，为后冠病时代做好准备。我们也成立了“新加坡群策群力行动联盟”，由业界牵头，试行创新点子。

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- a. 我们也需要进一步巩固新加坡作为全球及亚洲科技、创新及商业枢纽的地位。
 - b. 我们必须加强我们经济韧力，发展绿色经济，为可持续的低碳未来做好准备，保持我国的竞争优势。
 - c. 新加坡也必须实现包容性增长。
 - i. 我们的工友必须拥有所需的技能，以跟上发展步伐。
 - ii. 我们将在更多行业逐步推行渐进式薪金模式，重新设计工作和提升工友的技能水平，让更多低薪工友受惠。这样一来，我们也能让这些行业的外籍员工增长速度放缓。
- E.5. 我在八月份发表的部长声明中，推出了额外八十亿元的援助措施来对抗冠病疫情。连同之前宣布的四份预算案，我们已承诺拨出近一千亿元来协助国人和企业度过难关。除了必须应付庞大的开销外，我国的税收也因全球经济持续放缓而面对不少压力。
- a. 尽管如此，政府在规划我国财政时，还是会遵循谨慎理财、勿紧缩的原则。
 - i. 因此，我们将继续在家庭、医疗和基建等方面投入资源，为国人提升生活素质。
 - b. 一个欣欣向荣的经济不但能让国人实现理想和抱负，也能确保政府拥有足够的资源来照顾国人的需要。
- E.6. 后冠病时代将会是个截然不同的世界。我们会根据局势的发展不断改进我们的经济策略，与时俱进、求新求变，让我国经济能够保持优势。不管眼前的挑战有多艰巨，我们都会把国人的利益和福祉放在第一位。我相信只要大家同舟共济、保持团结坚韧，我们必能克服眼前困难，迎接更美好的未来。
- E.7. Mr Speaker,
- a. Our people and businesses are in the thick of battling COVID-19.

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- b. We have adapted together, and I am glad that many continue to give their utmost in this difficult situation, and do their best for their families and communities.
- E.8. I have shared with this House and our people a stocktake of where we are, and where we are headed.
- a. I give you our commitment that we will continue to support our workers and businesses in this difficult time.
 - b. We have **worked out the steps to further re-open safely** in the coming months.
 - c. We have **refreshed our economic strategy for a post-COVID-19 world**, to
 - i. Remake Singapore as a Global-Asia node of technology, innovation, and enterprise, achieve inclusive growth, and build resilience;
 - ii. So as to **create better lives and opportunities for our people**.
 - d. Given the great uncertainty ahead, we have to remain vigilant, work in close partnership, and continue to adapt as we plan and move ahead.
 - e. Work on Budget 2021 is well underway. I encourage each of you to share with us your perspectives and ideas, and do your part to build our future as part of our Singapore Together movement.
- E.9. Together, we will overcome this crisis and emerge stronger.