

**TRANSCRIPT OF BUDGET 2013 DEBATE ROUND-UP SPEECH BY DEPUTY
PRIME MINISTER AND MINISTER FOR FINANCE, MR THARMAN
SHANMUGARATNAM ON 7 MARCH 2013**

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A. INTRODUCTION

- A1. Madam Speaker, first, let me thank members for their very thoughtful comments and suggestions made over the last two and a half days. They covered not just the key thrusts and key policy initiatives of this Budget, they also covered a range of other issues that we will be discussing at the Committee of Supply (COS), and which will be taken up by the respective Ministries.
- A2. Besides issues pertaining to the directions that we are taking towards achieving quality growth and a more inclusive society, there have been many specifics raised.
- A3. Pre-school for instance. Many members spoke on the importance of pre-school and supported the initiatives that are being taken in this Budget, which MOE and MSF will both be talking about in this COS. Mr Christopher de Souza, Dr Intan Azura Mokhtar, Mr Yee Jenn Jong, Ms Penny Low, Asst Prof Eugene Tan, and many others, spent a good part of their speeches on the pre-school sector. Sports and arts – Mr Baey Yam Keng, Mr Nicholas Fang and Ms Janice Koh made useful points which will also be taken up by MCCY. Environment – Dr Lim Wee Kiak, Ms Faizah Jamal and others spoke about the environment, and this too is important to us increasingly as we go forward and will be featured in the COS. I want to say this because I am not going to cover all the issues that have been raised in the debate but will focus on some of the key policy initiatives in this Budget.
- A4. I will focus essentially on two main issues:
- a. First, why Small and Medium Enterprises (SMEs) are at the heart of what we are trying to achieve in our shift to quality growth; and
 - b. Second, what is our approach towards progressivity and towards social spending? We know social spending has to go up, but what is the right approach? “How” is as important as “how much”. So what is the right approach? In particular, how do we help low-income Singaporeans on a sustainable basis? And how do we help the broader base of middle-

income Singaporeans, who are also at the core of what we are trying to achieve in a better Singapore?

B. HELPING SMES MAKE THE TRANSITION

- B1. Let me start with the first theme, which is on helping our SMEs make this transition – a difficult but important transition. Ms Jessica Tan, Dr Teo Ho Pin, and Dr Lily Neo just a while ago, had spoken about the criticality of the SME sector and how we have got to make sure that they make this transition. If they cannot make the transition, we will not achieve quality growth in Singapore.
- B2. I agree with them. We want our SMEs to succeed, and not just for economic reasons, not just because they comprise roughly half our Gross Domestic Product. We also want them to succeed because they are part of the lifeblood of our society. They are part of Singapore society and they contribute to the vibrancy of Singapore, as Mr Teo Siong Seng pointed out as well. So we must transform and revitalise our SMEs in this next phase of our development as a country.
- B3. We are intensifying the restructuring of our economy. But that does not just mean intensifying the tightening of foreign worker policy. It is not just intensifying the pain. We are in fact intensifying our support, for our SME sector in particular, during this transition period. Put simply, of the \$5.3 billion three-year Transition Support Package, about two-thirds of the monies are expected to go to our SMEs. I will elaborate on this in a short while. About two-thirds, roughly in proportion to their share of employment.

Pressing On with our Objective

- B4. Now, the first issue which we have had to think hard about is the pace of restructuring – about not moving too fast, but also not moving too slowly. Several MPs spoke about this. Ms Jessica Tan, Mr Lim Biow Chuan, Mr Seng Han Thong, Er Dr Lee Bee Wah and Mr Inderjit Singh. Many were concerned

about the pace with which we are tightening foreign worker policies and what the impact will be on our SMEs.

- B5. But Mrs Lina Chiam had another view – she was disappointed that we were not tightening more significantly, and across all sectors.
- B6. It is an important issue. I agree, with Mr Inderjit Singh for instance, that restructuring is not something to be achieved in two or three years. But we are not starting from today. We started in 2010. We started in a very determined way in 2010, made clear our directions: that we had to grow on the basis of productivity, and much less on the basis of manpower growth. We had to do it to sustain wage growth for Singaporeans, and we also had to reduce our reliance on foreign manpower – to slow down the growth of foreign manpower. We made clear our directions then and we also made clear that we were not going to turn back. And I made it a point, in fact, in Budget 2011, one year after we started this, to emphasise that we will not any longer – as we had done some years in the past – vary our foreign worker levies for cyclical reasons, i.e. if we have a slow-down or recession, we lower our foreign worker levies. We made it clear that the new direction was here to stay, and the direction was clear. We have to keep tightening and keep leaning on firms to do more to reduce manpower demand and to invest in productivity.
- B7. So we started in 2010. This three-year transition package is for three years, after the three years that have already taken place – of significant tightening, in levies as well as reduction in dependency ratio ceilings. As I mentioned in the Budget Speech, to be quite frank, we are making this next set of adjustments in full knowledge of the difficulties that businesses will face. But there is no choice. If we do not achieve momentum in the next three years, there is real risk that we will be in exactly the same position three years from now. Both workers and businesses will in fact be worse off.
- B8. We have to gain momentum in the next three years. There is no choice. That means giving strong incentives for our businesses, large and small, to reduce dependence on manpower, both by tightening our foreign worker levies and selective cuts in the dependency ratio ceilings, as well as by providing

enhanced support for every form of investment in productivity, including training up of the workers and developing new capabilities. So that is what the Quality Growth Programme is about, with its three-year Transition Support Package, taken together, \$5.9 billion over three years.

Helping Businesses with Costs in the Transition

Transition Support

- B9. The question has come up: will SMEs benefit from this \$5.9 billion Quality Growth Programme? In fact, as I mentioned in the Budget Speech, we intend to flow back to the business sector all the additional revenues we are collecting from foreign worker levies. Specifically, if we take the increases in levies that start from January this year (the 2013 steps had actually been announced in 2011, but we include that), and if we include the increases in levies that take place this year, next year and the year after, i.e. this next three year period of levy increases, we will flow back to the SME sector more than twice that amount of money. More than twice the cost of the increased levies will be flowed back to the SME sector – through the Transition Support Package as well as the other measures in the Quality Growth Programme.
- B10. Let me explain this for each component in turn. Wage Credit Scheme. The question came up in the debate – will the SMEs benefit from the Wage Credit Scheme? There was another view that for the large companies that benefit, maybe we do not need to be supporting them because they would have invested in productivity and paid their workers more anyway – so there is some deadweight cost in this. And those are good questions.
- B11. First let me make clear that wages would have to be market-determined. They have been, and they have to continue to be market-determined. But what is the market? It is not an unchanging labour market. We have tightened foreign labour policy. It is a tight labour market and as long as we are able to keep Singapore competitive, it will remain a tight market. In that market, our businesses, and especially our SMEs, are going to face wage pressures. The wage pressures will be there in a tight labour market.

- B12. That is why we want to help the SMEs see through this period of transition with the Wage Credit Scheme. And, at the same time, by co-funding wage increases during the transition, we reduce inflationary pressures that would otherwise result from higher wage costs being passed through into higher consumer prices.
- B13. Mr Lim Swee Say spoke about this yesterday – what is the right approach? The best approach for businesses, to sustaining wage increases beyond the three years, is to take full advantage of all the government schemes that are on the table to raise productivity. Take full advantage of them.
- B14. We are making them accessible; we are making them easy to apply for. Take full advantage of all the schemes – Wage Credit Scheme, Productivity and Innovation Credit (PIC) Bonus, and, of course, the corporate income tax rebates which come automatically, and all the other enhanced productivity incentives. Incentives not just for investments locally, but to expand abroad.
- B15. Taken as a whole, SMEs will be the largest beneficiaries of the Quality Growth Programme, because we have designed it that way.
- B16. Wage Credit Scheme – two-thirds of Singaporean employees who earn gross monthly wages of less than \$4000 are, in fact, employed by our SMEs. So that is where the core of the workforce below \$4000 is. I looked at the data – we do not have data yet for 2012 that is disaggregated in detail, but for 2011 we have the data and it gives some indication: the SMEs are paying their share of wage increases.
- B17. In 2011, more than half our SMEs gave wage increments, and amongst those that gave wage increments to employees earning below \$4000, the median wage increment was over \$200 in these firms for those employees who saw wage increases. That is for the small SMEs, those with 50 employees or so. A median wage increment of \$200 for that group of employees whose pay was below the gross monthly wage of \$4000 and whose wage increased. So they are already paying wage increases, and with a tightening labour market as I mentioned, the wage pressures will be there and may, in fact, increase. We can expect SMEs to have their full share of the Wage Credit Scheme.

- B18. Should we have designed the Scheme only for SMEs and left out large companies? It is a meaningful question. In principle, you would expect larger companies to have the means to improve productivity on their own and to share productivity gains with their workers. In practice, it is very hard to draw the line. How, for instance, do we distinguish between a company that has a small number of employees, but is in fact highly profitable, and has no problems sharing gains with its workers, compared to a larger enterprise which may be in a sector with very thin margins, for whom the Wage Credit Scheme can be very helpful by allowing them to free up resources to invest in productivity and also to share the gains with their workers? It is very hard, in practice, to say who deserves it more than someone else
- B19. It is not simply small against large. It varies widely according to sector, and even for companies of the same size, it varies widely. So it is much better to be clean about this. Our basic motivation is to flow additional foreign worker levies back to the businesses, but flow it back in the right way, and not flow it back indiscriminately. The right way means flowing it back in ways that support productivity, and productivity gain-sharing with workers.
- B20. For other components of the Quality Growth Programme, SMEs were also foremost in our mind when we designed the measures. Corporate income tax rebate – the 30% corporate income tax rebate is higher than we have done before. We decided to do that but to impose a cap at \$30,000. Because the higher the percentage rebate, the more the SMEs benefit. The higher the dollar cap, the more the large companies benefit. So at 30% per Year of Assessment for three years, SMEs will benefit significantly. They will receive an estimated 90% of the total amount of the corporate income tax rebate.
- B21. PIC Bonus – I will not go through all the details, but frankly, the \$5000 per year, or \$15,000 over three years, is not a large sum for the large companies. But for the SMEs, including micro-SMEs, it is very meaningful. For this PIC bonus, we estimate that the SMEs will receive about 95% of the PIC Bonus. It was not designed for large companies.
- B22. The other enhanced schemes – the \$500 million worth of enhanced productivity schemes on top of what we are already doing. Again, they were

designed for SMEs. Industry collaborations linking up large firms, not just MNCs, but large local enterprises with SMEs up and down the supply chain. It is a very meaningful scheme to share expertise, develop best practices and even to have technology innovation in the SMEs. Developing or helping SMEs to strengthen their brands, helping them to expand abroad. That \$500 million are very meaningful schemes which MTI will be talking about in the COS.

Helping our SMEs Attract Singaporean Employees

Encouraging Work for the Economically Inactive

- B23. How we can help the SMEs recruit people – especially to recruit Singaporeans who have been economically inactive? This is a very important issue and there were useful suggestions from Members during the two-and-a-half-days' debate. Ms Foo Mee Har and Ms Mary Liew mentioned the PAP Women's Wing's recent proposal to give a special Back-to-Work employment credit, to help employers hire women who are returning to the workforce. They gave the example of giving a credit for one year, but those are details. Mr Gerald Giam mentioned a New Hire Wage Credit Scheme, similar in concept but with different details - the Government subsidises one-quarter of the first six months of salary of a new hire, and for a longer period of the next three years.
- B24. Ms Jessica Tan had another proposal on training subsidies for Professionals, Managers and Executives (PMEs) – a very important group, not economically inactive but some of them may have been dislocated temporarily. We must help them to come back in. Every form of training subsidy, including helping them get jobs in Singapore with companies who need Singaporeans for their operations abroad. Our companies are very short of experienced Singaporeans who can work abroad.
- B25. Mr Liang Eng Hwa had another suggestion which goes back to what we did during the crisis in 2009 – where through an EDB and MAS scheme, we helped companies pay for the salaries of re-skilled PME workers.

- B26. These are all ideas which we can consider. Some, in fact, have been tried before. We introduced the People for Jobs Traineeship Programme in 2001, more than 10 years ago, to encourage employers to hire older workers. The programme provided wage support to employers to help them hire unemployed mature workers. It was in fact somewhat similar to some of the proposals that have just been raised. However, we discontinued the programme after three years because there were very low retention rates of the workers who had been hired on the basis of this initial wage subsidy. It does not mean it will not work again, but this has been a problem that many countries face, when you provide a subsidy initially and you hope it works out and the person will stay and the employer also wants the person to be part of the team. So this is a concept that we have tried out before, but which we will continue to study.
- B27. But we have other schemes that we have since introduced, which are quite significant.
- B28. The Special Employment Credit – as you all know, is very significant – 8% of the pay of our older workers is paid for by the Government; a very strong incentive for employers to go out and look for older Singaporeans who can work part-time or full-time, and give them a meaningful and fulfilling job.
- B29. The Place-and-Train programme that the WDA runs, which helps job seekers to re-skill themselves – first get hired by an employer, then go for structured training paid for by the Government. It is very heavily subsidised by the Government.
- B30. Another very useful scheme is the ADVANTAGE! Scheme, which helps firms re-design jobs.
- B31. There are some sectoral schemes too - like SPRING is working with the food and beverage industry to develop a part-time pool of manpower that they can tap on.
- B32. Another scheme - Flexi-Works!, which many Members are aware of, gives employers 80% support of the cost of putting in place flexible work arrangements. Some Members spoke very passionately about this, and I

know Members like Ms Irene Ng have been pushing for flexible work since 2004 if I am not mistaken. And others made a very strong point about this. If we want to attract the economically inactive, particularly people who have family responsibilities, we need to step up on flexible work arrangements. We have to be very serious about this. MOM will be talking about how it is going to enhance a whole range of schemes. We are going to make some enhancements to help our companies, and especially our SMEs, attract and retain Singaporeans and to help Singaporeans to have meaningful jobs, part-time or full-time.

Productivity

- B33. Productivity has been weak. Last year it was miserable. Minus 2.6% – that was the preliminary data. One reason was cyclical – we were in a very unusual situation where we had very slow economic growth but a very tight labour market. In such a situation, firms do not lay off workers, because they are not sure they will be able to get them back when they need them. So firms keep workers despite a slowdown in the economy, and that was part of the reason for the slippage in productivity, in both manufacturing and services.
- B34. But the productivity picture also reflects a broader point that many acknowledged - there is a gestation period before productivity schemes can take off, before firms can customise solutions to meet their own needs, and think through what is in their business interests. There is a gestation period. We have been tightening our foreign labour policies, and we have provided generous schemes. But there is a gestation which all countries face in the restructuring process. It takes a while before firms can respond. The pain has to be enough and the gain has to be quite clear. And I think we now have both in place.
- B35. We had been careful not to disburse grants from the National Productivity Fund and the other sources too quickly, before firms are ready. These are tax monies so they have to be used well. We have instead taken pains to work with the industries to develop detailed roadmaps for future productivity improvements. Industry by industry, conducting deep dives and developing

roadmaps for the future, with clear milestones as to what should be achieved, and with the support of funds that we will disburse at each milestone.

- B36. In the next few years, we will see a lot more traction, a lot more take-up of the grants. Many of the roadmaps have been developed, and they are now ready to roll.

Example of Construction Sector Transformation

- B37. Take construction for example, which was raised by Er Dr Lee Bee Wah and Mr Gerald Giam. It has had poor productivity performance. We have been spending time with the industry to develop practical solutions, a roadmap going forward.
- B38. What does it involve? First, of course, controlling the supply of foreign workers and managing the demand. Second, imposing new regulatory requirements. In this year's Budget, we are taking a significant move on mandatory requirements – stricter buildability standards, constructability standards, which basically mandate manpower-saving techniques. Third, we are providing not just disincentives but very strong incentives for companies to adopt technology and to develop manpower and capabilities, including scholarship schemes.
- B39. We have developed specific technology targets. They vary depending on which component of the construction sector we are talking about. I will give you a few examples so you know what the approach of working industry by industry basically involves.
- B40. Adoption of drywalls. Drywalls can be built about two and a half times faster than brick walls. Currently, adoption of drywalls in our local industry, if we take condominium projects, is relatively low by advanced country standards. About one-third to 40% of our private condominium projects involved drywalls. In Japan it is the norm. By 2020, we expect at least 70% of our local condominium projects to be using drywalls. HDB, too, is piloting the use of drywalls in its new projects.

- B41. Another example is system formwork, which is a pre-fabricated mould used for wet concrete work. It is employed in just 25% of our projects today. In Japan, it is around 80%. Here, too, we expect adoption of system formwork to go up to 40% by 2016, and 80% by 2020.
- B42. We have set aside monies in the Construction Productivity and Capability Fund – the \$250 million that has been mentioned. But we have not disbursed much yet. We have committed \$85 million to specific projects, and there will be a lot more disbursed over the next few years as the industry implements its roadmap. It will take place as the tightening of the Man-Year Entitlement (MYE) quota kicks in, which Er Dr Lee Bee Wah spoke about. The 45% reduction in MYE between 2010 and this year - not much effect so far because it is only new projects that are affected, but there will be significant effect going forward. We will see a tightened foreign worker situation, but also strong support for the industry to upgrade, and mandated manpower-saving requirements.
- B43. By the end of this decade, we will see a different construction sector.

C. OUR APPROACH TO PROGRESSIVITY AND SOCIAL SPENDING

A Progressive System of Taxes and Benefits

- C1. Let me now move on to the second major theme, which is our approach to progressivity and social spending. Most Members, and the tone of the debate as a whole, supported a move towards greater progressivity. Many MPs, like Mr Vikram Nair, Mr Christopher de Souza, Mr Ong Teng Koon, Mr Baey Yam Keng, Dr Amy Khor and Ms Denise Phua, had thoughtful things to say about this. They differed in their views as to how far and how quickly to go. But they felt that the direction we have continued to take in this Budget, towards greater progressivity, was an important step at this stage, important as we make this transition in our society and economy.

- C2. We do have a progressive system of taxes and benefits. It is designed to be equitable as well as efficient, in other words, to support economic dynamism. Let me start by explaining how the whole system adds up.
- C3. First, income tax. For the lower- and middle-income group, most do not pay income tax. Slightly over 55% of employed Singaporeans do not pay income tax. But the other important part of the income tax schedule that is worth emphasising is that it is not just a schedule that goes from zero to 20% marginal rates. It is also a schedule that extends backwards, from zero to minus 30% because of Workfare. Workfare is a negative income tax. If you work and you are in the lower income group, you get Workfare. It is a credit to you, and a negative income tax. So our true income tax schedule actually starts from a minus 30% effective tax rate on one end to 20% at the other. For the very high income earners it comes to a 19-20% effective tax rate. That is our true income tax schedule. It is about 50 percentage points in breadth, and highly progressive.
- C4. If you look at the chart, I will show the proportion of personal income tax paid by the different income groups. (This is without taking into account Workfare or negative income taxes.)
- C5. I should mention that there were some figures that were mentioned in the debate, and that have been in the press, that involved some misinterpretation of the IRAS data. There was mention of 11% of individuals paying for 80% of all taxes. That actually refers to income taxes, not all taxes. It also refers not to 11% of all income earners but 11% of people who actually pay personal income tax. But leave that aside.
- C6. If you look at Singaporean households, the top 20% account for 80% of income tax paid. They pay the bulk, and that is the way it should be.
- C7. Second, how about other taxes – not just income taxes, but GST and other taxes? If you take maid levies, car taxes, GST, income taxes, and all other taxes, it is still a progressive system. The top 10% of households pay well over a third of total taxes, and the top 20% pay over half of our total taxes.

- C8. Then add in the benefits. Because the true test of the progressivity of our fiscal system is not just about taxes, but taxes together with benefits. It is extremely important to understand that. GST, which we have discussed extensively in previous Budgets, is in itself regressive. But GST, together with everything that goes with it, is part of a progressive system when you add taxes and benefits together. We raised the GST together with an enhancement of benefits such as Workfare, and made the connection clear - that this was part of a fiscal strategy that will support the lower- and middle-income groups.
- C9. So who gets the benefits? Of course it is the other way round from taxes. The bulk of the benefits are received by those in the lower deciles.
- C10. I should explain a very interesting quirk in the data, which shows that those in the first income decile get less benefits than those in the second decile. In fact if we go back to the previous chart, you will also see that the first decile pays slightly more taxes than the second decile. This illustrates a point which I hope everyone will understand – these income deciles that we publish regularly in our household income data reflect income from work. But many people in the first decile, indeed in all the lower deciles, but especially the first decile, are not people who are poorly off.
- C11. 17% of our first decile lives in private properties. 16% own cars. 10% employ a maid. They may have stopped work temporarily for various reasons, or the head of the household may have just retired. They may not be very well off, but they are not poor. So the first decile has many people who are not poor, and this explains why they do not get as much benefits as the second decile. And they pay slightly more taxes. I explain this because the statistics need to be interpreted with caution when we look at the income by decile.
- C12. But the basic picture is clear - the bulk of the taxes are paid for by the top two deciles, and the bulk of the benefits are received by those with lower incomes. That is the way it should be, and we are enhancing the progressivity of our system further, as I indicated in the Budget Speech.

Chart 1: Who Pays for Income Taxes?

Share of Income Taxes Paid by Singaporean Households by Income Deciles in 2012

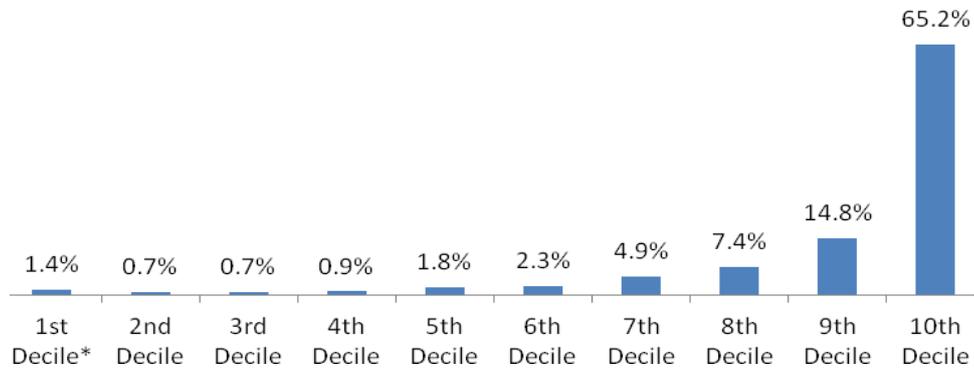


Chart 2: Who Pays for All Taxes?

Share of All Taxes Paid by Singaporean Households by Income Deciles in 2012

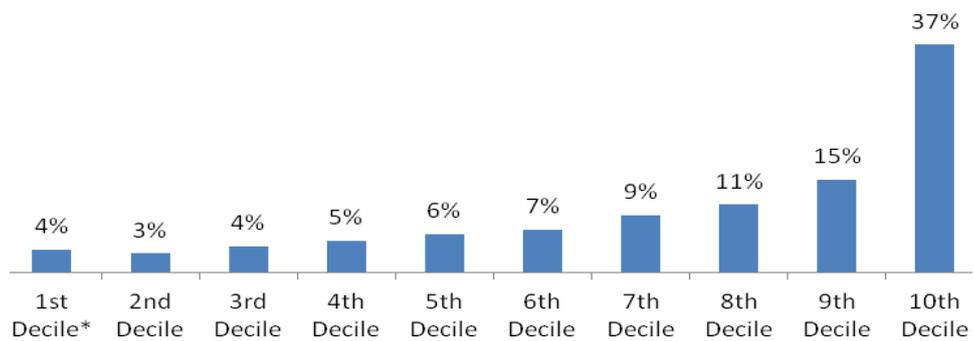
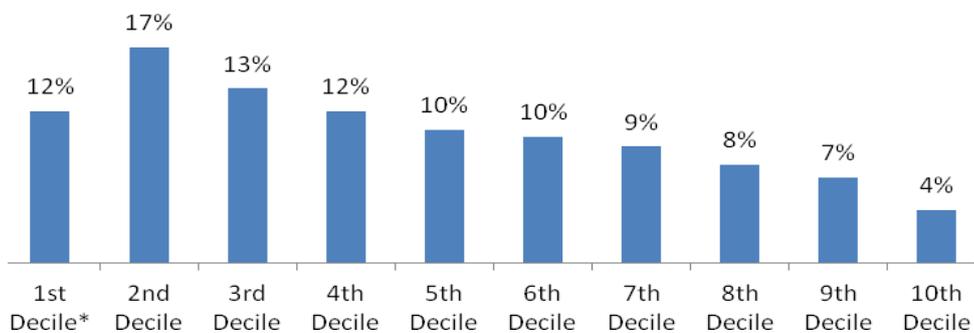


Chart 3: Who Gets the Benefits?

Share of Benefits Received by Singaporean Households by Income Deciles in 2012



Source: DOS

* The first decile of households (by incomes) paid a higher proportion of taxes and received a lower proportion of benefits than the second decile. This unusual result arises because not all the households in each of these deciles are poor. This can be seen from the profile of the first decile households: 17% of them live in private properties, 16% own cars, and 10% employ a maid. This is because the ranking of households into the various deciles is based only on income from work. Hence a household where a main breadwinner stops working or retires can fall into the first decile even if it is well-off.

- C13. Ms Sylvia Lim cited an International Monetary Fund (IMF) discussion paper. It is a good study, based mainly on the developing countries. It observed, as Ms Sylvia Lim pointed out, that the countries which had less inequality were able to sustain growth for longer periods. And that explained why countries in Asia generally had been able to sustain growth for longer periods than Latin America, for example. That was one conclusion.
- C14. But what Ms Lim did not mention was a second, equally important, conclusion of the study, also right there side-by-side in the executive summary, which I will read out because it is an equally important conclusion. The first conclusion was that less inequality tends to be associated with longer periods of growth. The second conclusion, however, is that, “The immediate role for policy, however, is less clear. Increased inequality may shorten growth duration, but poorly designed efforts to lower inequality could grossly distort incentives and thereby undermine growth, hurting even the poor. There nevertheless may be some ‘win-win’ policies, such as better-targeted subsidies, improvements in economic opportunities for the poor, and active labour market policies that promote employment.”
- C15. This is, indeed, the type of thinking that instructs our approach. I do not mean because it was in an IMF staff discussion paper. This has, in fact, been in our thinking for some time. We study very carefully what is happening in other countries and we learn from our own experience.
- C16. We are not going for progressivity, or redistribution, for its own sake. We are designing and implementing policies that stand the best chance of sustaining

economic dynamism and building a society that all Singaporeans can truly benefit from. That is the end objective and we have to keep that firmly in mind. The litmus test is not how progressive a fiscal system looks. The litmus test is whether it will truly help lower- and middle-income Singaporeans to have better lives. And that is not a question with straightforward answers in tax and spending policy. We have to think very hard about these issues as we go forward.

- C17. Let me, therefore, make four points that start from that premise.
- C18. First, when we think about the adjustments we have to make in taxes, we have to consider what they mean, first, for equity and fairness, but also what they mean for economic dynamism – the economic dynamism that is needed to provide opportunities for our lower- and middle-income Singaporeans.
- C19. Second, on spending. It is not just about spending more, but spending better to achieve our objectives. It is not just about how much we spend, but how we spend. How can we go about it in a way that helps people to stand on their own feet especially, and that also targets benefits at those who need them the most? In our context, too, as I mentioned in the Budget Speech, and which many MPs have mentioned, we have to pay special recognition to the situation of our older Singaporeans, the pioneer generation.
- C20. The third point: the Government has to work with the community. We have to work with the community in a way that strengthens our Voluntary Welfare Organisations (VWOs) and civic organisations. Not just to ensure we have many helping hands, but to ensure stronger helping hands on the ground. And that is one reason why Mr Chan Chun Sing, Acting Minister for Social and Family Development, has initiated the Social Service Offices - to strengthen the helping hands on the ground. Coordinate better, integrate better across the Government but also work better amongst the Family Service Centres (FSCs) and the VWOs, which is a good point that Mr Muhamad Faisal Bin Abdul Manap made – we must strengthen the FSCs.

- C21. Fourth point, we have to design fiscal policies that can be sustained, not just for one or two electoral terms, but for many years after. This is a fundamental point.
- C22. So those are four points which start from the premise that it is not progressivity for its own sake that we must aim for, but progressivity that will help to uplift lower- and middle-income Singaporeans on a sustainable basis.
- C23. We also study what is happening elsewhere. There are numerous examples of how you get paradoxical results. I will just give you two examples. If you look at an advanced country like the United States (US), since the 1970s, they have very significantly enhanced income transfers to the poor, defined in different ways – single mothers, low-income families, sometimes through neighbourhood support. There have been many enhancements, more transfers to the poor. But the poor neighbourhoods have not gotten better; they have gotten worse, and many more families are disintegrating.
- C24. Second, unfunded public pension fund liabilities and other unfunded commitments to their retirees. The results are actually regressive and highly inequitable. If you look at what is happening with the US state-level pension funds, for example. They increased promises of pension benefits, one electoral term after another, which they now have to keep. But they cannot fund the payouts, so current workers have to pay. They are cutting salaries, jobs, and also future promises for current workers. Highly regressive, because their current generation of retirees is on average better off than those who are still working and paying the bill. It is example of what originally looked good, looked progressive, but was actually not just financially irresponsible but unfair and inequitable.
- C25. These are just two examples. Spending better is as important and more than how much you spend, and whether we do it in a way that can achieve fairness as well as efficiency. We will do more in social spending; we have indicated our priorities and we are doing more especially in the areas that meet our objectives of preserving an inclusive and dynamic society – education, housing, work support and providing some economic security to our retirees, especially the current generation.

- C26. We are not starting from a state of despair. As Dr Chia Shi-Lu just mentioned, it should mean something that the Economist Intelligence Unit (in a study of a whole range of countries internationally) has Singapore placed number six as the best place to be born this year. The study has many indicators – we can question some of them, but these are objective indicators. And Dr Chia also mentioned the latest Bloomberg index of healthiness, also covering a large number of countries, and where Singapore was ranked number one. They had 16 indicators of healthiness – risk indicators and other objective indicators. In education, we know how we are ranked. The World Economic Forum Global Competitiveness Report ranked us as having the third best education system. We do well in the Programme for International Student Assessment, not just because we have top students who do well, but also because we have what is called “resilient” students, that is, our students from lower social economic backgrounds do better than expected compared to the way it is in other countries. So it is quality across the board.
- C27. So, we are not starting from a position of despair. But we want to do better. We have set out our priorities and we want to do better. Our social policies will evolve, particularly as our incomes grow more slowly and grow unequally, and as our society gets older.

Older and Young Low-Wage Singaporeans

- C28. Let me go on now to our key priorities for helping our low-income group. When we think about the low-income group, those who have the toughest time are in the bottom 10%. Among citizen households, the 10th percentile have incomes of about \$1,650 per month - or if you include employer’s CPF, it is about \$1,800. It is tough to survive, particularly for those who have larger families, elderly or children. We intend to do more to help them.
- C29. But there are two very distinct groups within this lower-income segment – those who are older and those who are young. And our solutions must be tailored to their distinct needs, and the causes of their lower incomes.

Older Low-Income Singaporeans

- C30. Households who are older, whose heads of household are 55 years or above, actually account for slightly over half of this group of households in the bottom 10%.
- C31. Most of these older breadwinners, in fact six out of 10, had no more than primary school education. That is the description of the older Singaporean low-income households.
- C32. And many have seen very little improvement in their pay, especially in real terms, in the last five to 10 years.

Young Low-Income Singaporeans

- C33. The situation for the younger group is very different. If you look at the group aged between 25 and 34 years, there is a very small group who fall in the bottom 10% of all households. They are very different in description, having benefited from a vastly improved education system. Most have at least secondary education and many with ITE or further. They are in the early stage of their careers and the way we think about them and how we want to help them is different.
- C34. For older low-income Singaporeans, we have to enable them to have the dignity of work. We have to think about workplace design to suit their needs. And we have to provide them with greater economic security in their retirement years.
- C35. For younger low-income Singaporeans, we have to provide every opportunity for them to climb the ladder of skills, better jobs, and better pay. And we must find every way to give their children a chance to do well, starting early in life and through their school years.

Supporting Older Low-Income Singaporeans

- C36. Let me start with older workers.

- C37. Mr David Ong, Mr Heng Chee How and several others spoke at length about their needs and how we need to pay more attention to them. What is our approach?
- C38. First, we will supplement their pay using Workfare. We have enhanced it now to supplement almost 30% of wages for the older workers who are low paid.
- C39. Second, we are helping their employers to hire them through the 8% Special Employment Credit.
- C40. If you take both the Workfare and Special Employment Credit together for a low-wage worker who is earning, let us say, \$1,000, it means that we are paying about 40% on top of what is paid for by the employer. That is a very substantial top-up by the government.
- C41. Then, we have the Workfare Training Support Scheme (WTS). Mr Ang Hin Kee is very familiar with this, because he used to run E2i. Mr Ong Teng Koon and several others spoke about this. Even our older workers are benefiting from the WTS and we must tailor it to their needs. No one is too old to learn, to do better on their job and to take on responsibility. We have many examples, and we are very serious about this. So far, one in five older workers aged 50 to 64 years have been taking part in the training, and we want to up that ratio. MOM will be discussing this in the COS as well.
- C42. Next the progressive wage model, which Mr Lim Swee Say and his colleagues among the Labour MPs spoke about. As Mr Lim Swee Say put it, it is how we give them the maximum upside while minimising the downside. This is a very important point because the downside comes easily for our older workers. The downside of losing their job, because they are most vulnerable, and they have the least education; it is very easy for employers to discriminate against older workers if they want to, even on what appears to be the basis of merit. So, we must maximise the upside in their wages, and minimise the downside of job loss. We are pushing ahead with the progressive wage model, and we are helping the companies through the Inclusive Growth Programme together with it. Taking all our initiatives

together, we are finding the best way of raising their pay, particularly in sectors such as cleaning and security.

- C43. Next, redesign the workplace. Important, but I will not elaborate on this because many MPs have spoken about it including Ms Low Yen Ling just a short while ago. MOM will take up suggestions on job redesign and how we can enhance our schemes. That is for workplace-related initiatives.
- C44. The home was always a key pillar of our social support for that generation of Singaporeans. 83% of those aged 55 and above who are in this bottom decile are proud homeowners. 83%. Most have paid off their loans, and for those who own a fully paid-up three-room flat and choose to move to a studio apartment, they can realise housing equity worth \$200,000 on a net basis, after paying for the studio apartment. On top of that, we are giving them a Silver Housing Bonus worth \$20,000 as an incentive. Therefore, the home is a very important pillar of support, and we will help them to monetise the home and unlock its value so they can have better retirement years.
- C45. Finally, the healthcare financing review, which I am not going to discuss in detail. But this generation of older Singaporeans is foremost in our minds. Mr Gan Kim Yong, Minister for Health, will be talking about this in the COS.

Enabling Young Low-Wage Singaporeans

- C46. Next, I move on to the younger groups of low-income Singaporeans. We need a different set of strategies for them: provide the best education and the best opportunities for upgrading. Provide every leg-up, rather than handouts.
- C47. Social mobility is a key priority in our policies. Most MPs, across the board, supported the strategies that we are taking, including what we want to do to enhance the pre-school sector. But beyond the pre-school and school years, we also need to provide them with a ladder of advancement in the workplace.
- C48. We have to be a continuous meritocracy, not a meritocracy based on what happened when you left school or a tertiary institution. We have to be a continuous meritocracy, with continuous opportunities to upgrade, pick up new skills, and develop real mastery. And I think we can do it. We have the

resources and we can work together on a tripartite basis to make this possible.

- C49. Next, I will touch on housing. It was very important for the older generation but is still a key pillar of our social support for the younger generation of low-wage workers. You know the schemes - the \$40,000 Additional CPF Housing Grant, and the \$20,000 Special CPF Housing Grant which we introduced two years ago. These are tailored to the needs of the low-income Singaporean. I just checked the data recently. Since we introduced it two years ago, 1,100 low-income households have taken advantage of the Special CPF Housing Grant. For those who have incomes below \$1,500, which is very low and within the bottom 10% of household incomes, they are eligible for two-room flats. In fact, one-third of those who obtained two-room flats using the Special CPF Housing Grant had incomes of \$1,000 or less, which is something that people find surprising initially. How can someone with \$1,000 income, or slightly less, obtain a flat? The answer lies in the Special CPF Housing Grant and Additional CPF Housing Grant.
- C50. For this group, surviving is tough. Why do we want to help them own a home? First, because compared to renting, it allows them to have more disposable income, because in almost all cases they pay for the two-room flat entirely using their CPF. It gives them the incentive to stay in a job, and we will support them and help them stay in a job. Owning instead of renting allows them to use every dollar of their disposable income for their other needs.
- C51. Second, and very importantly, it is not just about the immediate cash needs, but about having an asset of their own that will appreciate – appreciate with inflation, and appreciate with progress. So they do not get left out and they too will retire with an asset for their retirement years.
- C52. Eight out of 10 low-income households in Singapore can own their own homes. There is no other country that comes close to it. The Koreans are closest (over 60%) - another country with an East-Asian ethic, also important to have a roof over the head that you own.

- C53. For those who cannot own their homes, particularly for those who do not have a stable job, or if there has been family disruption, HDB subsidises public rental flats. Mr Khaw Boon Wan, Minister for National Development, will be discussing all these issues in further detail in the COS.
- C54. Meanwhile, I will just clarify the useful point that Mr Png Eng Huat raised about whether there is a “cliff” effect, so to speak, when someone crosses a monthly income of \$800. I would like to reassure him and all Members that for existing tenants, HDB automatically gives a grace period when your income crosses \$800.
- C55. That is the summary. Our approach to helping the younger group comprises opportunities to upgrade and climb a ladder of skills and mastery, helping them own their home, helping their children in school and providing them Workfare once they cross 35. We will provide every possible leg-up for this younger, lower-income group.

D. BENEFITTING THE MIDDLE INCOME

- D1. Next, let me move on to my third theme which concerns the interests and aspirations of middle-income Singaporeans. It is a positive for Singapore society that expectations and aspirations have gone up; aspirations for education, for how well you hope to do in your job, and what you aspire for in your standard of living.
- D2. How do we meet the needs of an aspiring middle-income group of Singaporeans?
- D3. First and foremost, we have got to succeed in achieving quality growth. Quality growth is a key social pillar for the future. Not just an economic strategy. We must enable income growth for Singaporeans, including for the middle-income group, and not just the lower-income group. All our surveys show that is their main concern: good jobs with salaries that can go up and more than cover the cost of living.

- D4. Second, we have to ensure a level playing field for Singaporeans, in terms of job opportunities and progression on the job.
- D5. Third, we need to make sure that they also get adequate benefits through our fiscal system, including through our strategies in education, housing and healthcare.
- D6. Fourth, however, we have to provide benefits in a way that keeps overall taxes low, particularly for the middle-income group. I will come to that in a short while.

Growing Incomes

- D7. Our key strategy, as I mentioned, is to help incomes grow. Fortunately, we have been able to do this for median Singaporean individuals and households so far. Many other countries, not just the advanced countries but those such as Korea, Taiwan and Hong Kong that are in the same league as us, have had difficulty. In the last five years, we have done much better than these comparable countries in growing real median incomes.
- D8. We deliberately designed the Wage Credit Scheme to include the middle-income group when we extended the Wage Credit Scheme up to a gross monthly wage of \$4,000. This will help the companies, Singaporeans and encourage quality growth.

Level Playing Field for Singaporeans

- D9. Second, a level playing field. As more Singaporean diploma and degree holders enter the workforce, we must ensure that there also is a level playing field at the middle and upper levels of our workforce. Many MPs have spoken about this.
- D10. This has been one of our key concerns in manpower policy in the last two years, and you will notice that we are tightening at the middle end. We have significantly tightened at the lower end of Employment Passes (Q1 Passes) and also for S Passes, to ensure that Singaporeans are not disadvantaged by the presence of foreigners at these levels of the workforce.

- D11. Mr Liang Eng Hwa and Mr Patrick Tay had valuable points. Mr Patrick Tay has been pushing for a 'labour market test' for the recruitment of Employment Pass holders for some time. MOM is still studying this very carefully as this is not something we want to rush. Nevertheless, we want to put in place a system that is fair to Singaporeans, and also sustainable. To be sustainable it must allow companies to stay competitive.
- D12. Our younger PMEs have been able to find jobs quite easily and our youth unemployment rates are the lowest. Even lower than amongst the other Asian Newly Industrialised Economies.
- D13. But among our older and middle-aged PMEs, some find it tough to be re-employed in good jobs once they have lost their old jobs. And I believe that there is an element of age discrimination that we have to tackle and be vigilant about.
- D14. We need to do more to ensure a level playing field, but very importantly, we must do it in a way that is sustainable. Sustainable means that our firms must be able to compete and have the teams with the right mix of expertise and experience, and hence the right mix of local and foreigners with suitable skills. That is what allows us to compete internationally.
- D15. The competition is changing. It is not about China 10 years ago – low-cost manufacturing. It is changing dramatically as Chinese cities move up the value chain, and large numbers of their own graduates enter the new, global professional workforce.
- D16. The competition is also changing in the US. US businesses have begun re-shoring. US shale gas has lowered the costs of power. Technological improvements also allow them to reduce the importance of manpower, and to locate production close to their consumption market. It does not help the US unemployment situation, but it enables their companies to base operations in the US on a more competitive basis than even their operations in China for certain segments of the industry.
- D17. Plus we are seeing new advancements in knowledge technologies, which Ms Tan Su Shan referred to - areas like big data and data analytics, which are

transforming not just manufacturing but services and will pick up steam in the years ahead.

- D18. The competition is changing and we have to make sure our companies can survive and compete. This means having the right mix of locals and foreigners with the skills that we need, to create a strong Singapore team – because the real competition is outside.
- D19. We must therefore introduce a framework that is fair to Singaporeans – a level playing field not just in getting a job but also in getting progression on the job – while ensuring that it is sustainable, by enabling our companies to compete.

Government Benefits

- D20. The next element of how we are helping the middle-income group is through special transfers as well as the permanent changes that we put in place. There are personal income tax rebates, property tax savings, as well as changes in the foreign domestic worker concessionary levy. There actually is a significant amount of benefits for the middle income in this year's Budget.
- D21. To illustrate, a typical middle-income family – with 2 school-going age children, a domestic helper and a combined income of \$6,300, would save a combination of \$530 through special transfers, as well as \$730 through tax savings. And after including the permanent GST Voucher, this household would receive a total of about \$1,500, which happens to be about the same increase in their household expenditure as measured by the Consumer Price Index (CPI). And even though we did not design the special transfers and changes to fully offset their cost of living increases, the \$1,500 is still a decent sum. And they would also have benefitted from other improvements in recent years, especially our childcare subsidies, the increase in our tertiary subsidies including the increase in university bursaries to cover the middle income, and our healthcare financing changes.

Healthcare

- D22. Last year, we introduced major changes to support the middle-income group in community care and home-based care, outside the restructured hospitals. Going forward, the middle-income group will be a major beneficiary of the healthcare financing review. The lower-income group is in fact already heavily subsidised, although we can improve things for them by providing greater assurance upfront on whether they qualify for Medifund. But the middle-income group is a major beneficiary of the healthcare financing review.
- D23. Mr Gan Kim Yong will be covering the initial thinking on the healthcare financing review in the COS. But there were several suggestions that were made in the debate itself which I can assure MPs we will take up. Mr Heng Chee How suggested looking at Eldersfield – this is indeed an important part of our healthcare review. Dr Intan Azura Mokhtar, Assoc Prof Fatimah Lateef, Ms Tin Pei Ling, and Ms Ellen Lee all mentioned greater flexibility in the use of Medisave. This is close to the hearts of our residents and is something we are studying as well. Ms Janice Koh mentioned the issue of capping co-payments, particularly for very large expenses, to give Singaporeans, including middle-income groups, assurance against very large bills. We are studying this too. Caregivers are also very important. Mr Christopher de Souza and Ms Lee Li Lian had spoken about caregivers, including respite care to give caregivers a chance to rest and recharge. Respite care is an important issue as well and Mr Gan Kim Yong will be talking about this in the COS.

Low Tax Burden on the Middle Income

- D24. Although we have kept the top rates unchanged, we have reduced the middle bands as keeping the tax burden low on the middle-income group is also part of this strategy.
- D25. The middle-income group pays GST and very limited income tax. For instance, we have reduced the income tax rates two years ago for those with chargeable income of \$60,000 two years ago, and they will now save \$650 a

year. They will also benefit from the reduction in the Foreign Domestic Worker Levy. And although some also pay taxes for cars, the overall burden is low by international standards.

- D26. And we have to keep the burden on the middle-income group low, so that together with our priority to achieve quality growth, we will be able to allow disposable incomes to rise for the middle-income group. That is our basic strategy.
- D27. There is no country that has provided substantial fiscal benefits for the middle-income group without also imposing substantial taxes on them. There are some countries that are in fact more progressive than us – much stronger slant in their transfers towards the lower- and middle-income groups, but they also have much higher middle-income taxes. To support not just the lower-income group but the middle-income group through substantially enhanced benefits, there is no country that can raise the revenues that it needs by just relying on taxes at the high end.
- D28. High taxes for the middle-income group are in fact the norm in many European countries. That is why the Value-Added Tax (VAT) rate, or GST equivalent, ranges mainly from about 17% to over 25% in most European countries – including those that have quite admirable social welfare systems. Their income tax rates too are high for the median, not just the top end. Hence, their overall tax burden on the middle-income group is high – income tax for the median individual is 20% or higher, compared to 0% in Singapore, in addition to VAT rates of 17% to 25%.
- D29. Our strategy is to do more for the middle-income group, particularly by providing greater assurance on healthcare costs in old age. We are helping them in home ownership too. But the first priority is to help them grow their real incomes, and keep taxes low. Keep the overall burden of taxes low, even if we unfortunately have to tax cars because of road congestion. Minimal income tax, try to avoid GST going up, and try to keep the overall burden low when all indirect taxes are counted.

Addressing the Cost of Housing and Cars

D30. Let me then move on now to two specific issues. I will not elaborate on housing because Mr Khaw Boon Wan, Minister for National Development, will be talking about it, but it is an important concern for younger middle-income families. House prices have risen faster than incomes, much faster in the last few years, and we are doing something about it. We intend to bring house prices down relative to incomes, not just short term but long term. Mr Khaw Boon Wan will be discussing this issue.

Cars

D31. Demand for cars has increased. But this is unlike housing – Mr Lui Tuck Yew, the Minister for Transport, cannot be Mr Khaw Boon Wan for cars. We cannot ramp up the supply of Certificates of Entitlement (COEs) the way we are ramping up the supply of housing. We need to manage our vehicle population growth within what we can support with our land constraints.

D32. COE prices have been driven by very strong demand, and also the slower growing supply of COEs. That is why we have seen a very sharp spike in COE prices over the last two years. Last year, there was a 30% to 60% increase in COE prices. Low interest rates and easy credit have fuelled this as well – 100% credit at very low interest rates. We have been receiving feedback from Singaporeans for some months on this issue of whether we should tighten loan rules so that car credit is not so easily available.

D33. A rapid increase in COE premiums poses two types of risks. First, for car buyers themselves, they take on more debt to finance their car purchases, sometimes beyond what is financially prudent. We all know of very unfortunate stories – of young people who have taken loans for cars, although they have not been able to pay over time. It does not end in a nice way.

D34. The second risk is that higher COE prices contribute to a higher inflation rate that affects all Singaporeans and the broader economy. This is because the increase in COE prices does not just jack up the price for those who are buying a car, but also shapes inflationary expectations and feeds generally

into inflation. Car prices accounted for one-fifth to one-half of CPI inflation in the past three years. In 2012, car prices contributed one full percentage point of our CPI inflation. So by helping to dampen the demand for motor vehicles, the financing restrictions that MAS has introduced aim to cool the COE market and to help alleviate overall inflationary pressures in the economy. This is to the benefit of most Singaporeans.

- D35. The last time we introduced these loan restrictions was in 1995. At that time, the loan restriction was 70% (loan-to-value ratio was 70%) and the maximum loan tenure was seven years. It did not have much discernible effect on COE prices then, and eventually we lifted the restrictions in 2003. This time round, COE prices have risen much more significantly. Therefore, and bearing in mind the past experience, MAS has unfortunately had to take much tougher measures to make sure that the financial restrictions are effective. However, the measures are not permanent. They are necessary for now, but depending on market developments, MAS will review the loan rules later.
- D36. Several members, including Ms Jessica Tan and Mr Lim Biow Chuan, had concerns about the impact of the loan curbs (the new loan rules) on families. As Dr Intan Azura Mokhtar had specifically mentioned, families with physically disabled members may face special difficulties. This is a valid concern. MAS has therefore decided to exempt a physically disabled person, or his or her caregiver, from the loan restrictions for one car. The exemption will take reference from the criteria in existing assistance schemes for the physically disabled. MAS will provide details of this exemption soon.
- D37. Besides this exemption for the physically disabled, it is unfortunately not possible for MAS to liberalise further at this point, without undermining one of the important reasons for the new loan rules, which is to cool demand and COE prices. But as I mentioned earlier, the new MAS rules are not permanent and will be reviewed later, depending on market circumstances.
- D38. Er Dr Lee Bee Wah and Mr Teo Siong Seng also flagged the concerns of used car dealers, given the unexpected impact of the financing restrictions on the industry. To help used car dealers make adjustments, LTA will give them more time to find buyers for their cars, by extending the Temporary Transfer

Scheme for used car dealers, from the current nine months to a full year. MAS has also met with the Singapore Vehicle Traders Association to listen to their feedback and also explain the rationale for the measures.

- D39. MAS is studying how the depreciation in the value of a used car can also be taken into account in determining the Open Market Value (OMV) for the purpose of applying the appropriate tier within the new loan rules. (If Members recall, the new loan rules have a 50% or 60% loan-to-value ratio, depending on the OMV.) MAS will study how the depreciation in the value of used cars can be taken into account when determining the OMV.

E. OTHER TAX ISSUES

- E1. I will touch on other tax issues very briefly before I conclude.
- E2. Ms Sylvia Lim wanted me to clarify what I said in the Budget Speech about the majority of retirees not being affected by the more progressive property tax structure for owner-occupied residential properties. The Government is especially mindful of this group as I mentioned in the Budget Speech.
- E3. That is why we designed the new property tax schedule for owner-occupied properties to make sure that it only meant a higher property tax for the top 1% of homes, or about 12,000 homes. These are homes with annual values of above \$59,000. The remaining 99% or 950,000 owner-occupied homes will pay less property tax rather than more.
- E4. What is \$59,000 annual value like? In other words, those that are below \$59,000 would cover 96% of terrace houses and 85% of semi-detached properties. To be frank, in designing this scheme, we even studied it geographically to make sure that the places where we knew older Singaporeans owned private homes were taken into account carefully. We looked at Serangoon Gardens, Opera Estate and Teacher's Estate for example. I can tell Members that at least 90% of even the semi-detached properties in these older estates will not face higher property tax rates as a result of this move.

- E5. For the small group of retirees who own and live in the top 1% of owner-occupied residential properties, they will be subjected to a higher property tax rate. Even then, the tax increase is modest unless they are at the very high end. For example, a centrally-located condominium with an annual value of \$70,000 will see property taxes going up by just \$120 a year. It may be a meaningful sum for retirees, but in this top 1%, many retirees have other forms of income. They are not earning income from work, but they have passive income from interest, dividends and rental. That is the typical profile of people in this top 1%.
- E6. Fundamentally, this is a matter of equity. It is a right principle that a wealthy retiree should pay more tax than someone who is less well-off. For example, a wealthy retiree may own and live in a large bungalow with considerable worth, whereas a middle-income Singaporean may own and live in a smaller home but own an investment property, letting it out for rental. It would be inequitable, particularly since we are raising tax rates for investment properties, not to tax the wealthiest of owner-occupiers of residential properties.
- E7. Ms Sylvia Lim also had an interesting suggestion about taxing properties based on the total value of properties owned by an individual rather than on a per property basis. Internationally, property tax is on a per property basis. But in principle, I think the Member's concept is not bad – since this is a wealth tax, why not consider taxing based on the value of all the properties owned by the individual? Not a bad idea in principle, but unfortunately very difficult to implement from a practical point of view. To implement based on the individual and all his properties owned, rather than on a per property basis. Properties can be held under the names of different family members or relatives quite easily. And there will also be administrative problems when properties are jointly owned by multiple owners, which is not uncommon – when they are jointly held by multiple owners with no divisible share for each owner. So there are many practical difficulties, although I think the idea was not a bad one.

F. CONCLUSION

- F1. Let me conclude, Madam Speaker.
- F2. We are intensifying our efforts, both to restructure our economy and to build a more inclusive society, so that we can achieve a better Singapore.
- F3. This is a critical period of transition for Singapore. There is no guarantee that we will succeed; there is no guarantee that any economic or social strategy will succeed. But whether we succeed, depends not on incentives, grants and subsidies. It does not depend on the narrative of incentives, but on the narrative of responsibility and values. Whether we take responsibility together, to strengthen the values that matter the most to Singaporeans – that is what will determine whether we succeed in this important new phase of our national development.
- F4. The Government has a responsibility - we will play an active role in enabling Singaporeans to achieve their fullest potential, and in enabling them to lead fulfilling lives.
- F5. Employers have a role, and I hope they heed the call of many in this House over the last two and a half days: to value every worker, including the elderly and women, and to reshape the workplace to allow every worker to have a fulfilling job.
- F6. As individuals too, we all have roles. We all have the responsibility to do better and develop mastery, in every vocation, and stay long enough in a vocation to develop mastery. Each of us, too, has a responsibility in our own ways, to contribute to a better community and a better Singapore.
- F7. So that is what will determine our success in this next phase of development, just like it has done before. It is not about incentives, grants and subsidies. It is about a spirit of responsibility that will determine whether we will transform Singapore by the end of this decade.
- F8. Madam Speaker, thank you.