

# Budget 2016

## Partnering for the Future

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## **A. The Future Beyond SG50: New World, New Challenges**

A.1. Madam Speaker, I beg to move, that Parliament approves the financial policy of the Government for the Financial Year 1st April 2016 to 31st March 2017.

### **We Have Come a Long Way**

A.2. Last year, we celebrated all that we achieved together in our first 50 years. This year, we start our journey for the next 50 years.

A.3. Our first 50 years tell an extraordinary story of diverse people overcoming great odds together.

a. Our pioneers had no textbook for success. Every move – whether it was a government policy, a company’s investment, or a household’s family decision – was uncharted.

b. Through sheer grit, our pioneers braved the odds, brought up families, and built a home and a nation.

A.4. On 13 December 1965, Mr Lim Kim San presented the first Budget of the independent Republic of Singapore.

A.5. This was the world on that day.

a. The major concerns then were: Konfrontasi, the Communist threat and the Vietnam War.

b. Few in the world paid attention to little Singapore. Against this backdrop, our pioneers debated how to make a living, by making our place in this region and in the world.

## We Face New Challenges

- A.6. In that first Budget, Mr Lim said: “Whilst independence has... given us greater freedom of action ..., we also acquire new responsibilities and new dimensions are added to our problems.”
- A.7. Our pioneers took on these new responsibilities and new dimensions seriously. Our founding Prime Minister, Mr Lee Kuan Yew, made the rousing call that we must never fear; one day we would be a modern metropolis. Singaporeans rallied to that call. Year by year, we made progress; and successive generations built on what was achieved. So we had much to celebrate in SG50.
- A.8. Today, we are in a much better position than our pioneers. But we also face new responsibilities, new challenges.
- A.9. In 1965, we raced to teach “123s” and “ABCs” to our young, and to create factory jobs to soak up unemployment for a young population. Today, over 95% of our students progress beyond secondary school. Our challenge now is to take education beyond schools, to lifelong learning, and to grow the economy to create quality jobs.
- A.10. In 1965, we were fighting childhood mortality with mass immunisation, and distributing milk to under-nourished children. Today, the problem has flipped. Our challenge is to find new ways to care for our elderly, to manage chronic diseases and to tackle childhood obesity.
- A.11. In 1965, we were faced with Konfrontasi and the Vietnam War, and were at risk of social discord stemming from a legacy of

racial conflict and pro-communism. Today, we have to guard ourselves against a more complex and diverse array of threats, from conventional threats to terrorism and cyber warfare.

- A.12. Mr Lim Kim San's words 50 years ago resonate to this day.
- a. We face a new world that brings its own freedoms and responsibilities, its own challenges.
  - b. Our mission remains unchanged – it is to find the ways to create opportunities for Singaporeans to grow, and defend our home and our people.
  - c. Taking inspiration from our pioneers, we must plan ahead, stay united, be creative, and build our future together.

### **Our Priorities to Meet these Challenges**

- A.13. This is the context in which President Tony Tan set out five key aims for this term of Government:
- a. Renewing our economy;
  - b. Fostering a more caring society;
  - c. Transforming our urban landscape;
  - d. Keeping Singapore safe and secure;
  - e. Engaging and partnering with Singaporeans in nation building.
- A.14. To achieve these goals, we must **grow our economy** and **invest collectively for the long term – in our people, our home, our security**.
- a. **To grow our economy**, we will invest in building stronger enterprises and nurturing innovative industries.

- b. **For our people**, we will invest in education and health.
  - i. Our spending on education in FY16 is expected to be \$12.8 billion, almost double what it was 10 years ago<sup>1</sup>. We must continue investing in our people through education and SkillsFuture.
  - ii. Compared to a decade ago, our healthcare spending has increased almost six-fold to \$11 billion<sup>2</sup>. This will rise further. Now, 1 in 8 Singaporeans is aged 65 and above. This will rise to 1 in 6 by 2020, and 1 in 4 by 2030.
- c. **For our home**, we must invest for better liveability and connectivity.
  - i. This year, our transport spending is expected to hit \$10.1 billion – more than five times what we spent a decade ago<sup>3</sup>.
  - ii. At the same time, we are embarking on new infrastructure of unprecedented scale, such as Changi Airport Terminal 5.
- d. **For our security**, we will also have to invest more in intelligence, operational capabilities, technology and systems to keep our home safe and secure.

A.15. **All these translate into higher spending needs.** Our expenditures have grown to almost **two and a half times** of what

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<sup>1</sup> Ten years ago, we spent \$7 billion on education.

<sup>2</sup> Ten years ago, we spent \$1.9 billion on healthcare.

<sup>3</sup> Ten years ago, we spent \$1.8 billion on transport.

they were 10 years ago. We were able to fund these increased investments because we had planned ahead and remained prudent. Growth had also been fairly strong as our GDP almost doubled over the past decade.

A.16. **In this term, we are starting from a position of strength, as we have anticipated our needs and made provisions in the last term.** We have no natural resources, no oil wells, but we benefit significantly from the returns of the reserves accumulated by our forefathers through hard work and thrift. We must continue to strike a careful balance between what we spend today, and what we save for future generations.

A.17. In the longer term, to meet Singapore's many needs, especially in healthcare, our expenditures will grow. But GDP growth will slow as our economy and workforce mature. We will find ourselves in a tighter fiscal position.

A.18. We must plan ahead. **We must grow our capabilities in order to grow our economy** and create good jobs for our people. We must **remain prudent in our expenditures**, and ensure every additional dollar spent is spent responsibly. We must encourage every Singaporean to contribute towards caring for our fellow citizens and building for the future.

## **A Spirit of Partnership for our New Chapter**

A.19. Much work lies ahead. I am confident that if we have the will, we will find the way.

- A.20. **Core for us to succeed is the spirit of partnership**, where Singaporeans work together in new ways to transform our economy and strengthen our society.
- A.21. We have inherited a strong spirit of togetherness from our kampong days. Over the years, it has taken on new forms and new vitality, from the shared values of Our Singapore Conversation, to the ground-up active citizenry of SG50, to the collective commitment in *The Future of Us* and *SGfuture*.
- A.22. **Going forward, this partnership that is at the heart of the Singapore spirit will become even more critical** for tackling big challenges together.
- A.23. Everyone has a role, and together, we are weaving a rich tapestry – each thread a different colour and texture, but woven together to give strength and resilience to our economy and our society.
- A.24. **We must come together as partners to transform our economy through enterprise and deeper innovation.** The global economy is becoming more interconnected, more diverse and complex. Change is accelerating, with rapid advances in knowledge and technology. Yet the potential for collaboration has never been greater. We must work together to muster our resources, to innovate, scale up and internationalise. Our economic transformation will draw on the strengths of individual schemes, businesses, unions and trade associations, but bring everyone together in a more tightly woven tapestry to meet the specific needs of our industries.
- A.25. **Likewise, we must deepen partnerships to build a caring and resilient society.** Over the last decade, the Government has

stepped up social support significantly. But we must continue to build both individual and collective responsibility, for it is together that they make for a stronger society. In our next phase, we will strengthen partnerships with community groups to build a rich tapestry of caring communities in all our neighbourhoods, with multiple layers of support, drawing on different threads of care and kindness, but integrated coherently.

- A.26. Leading up to this Budget, we received thousands of suggestions and feedback. Let me thank all who have contributed.
- A.27. Budget 2016 is the beginning of a journey towards SG100. With the spirit of partnership, we will transform our economy through enterprise and innovation, and build a caring and resilient society.

## **B. Transforming our Economy through Enterprise and Innovation**

### **Growing Singapore Together**

B.1. Let me first speak about the economy.

#### **Progress in Restructuring**

B.2. Over the past five years, our economic restructuring journey has focused on raising productivity to achieve quality growth.

- a. We tightened the inflow of foreign workers;
- b. We invested significantly in broad-based measures such as the Productivity and Innovation Credit (or PIC); and,
- c. We introduced the Transition Support Package<sup>4</sup> to help firms adjust to economic restructuring and rising business costs.

B.3. Progress has been promising.

- a. More firms are engaging in productivity efforts. For instance, a survey has shown that around 9 in 10 of our SMEs embarked on productivity initiatives<sup>5</sup> in 2015.
- b. The net inflow of foreign workers has slowed significantly from nearly 80,000 in 2011 to less than 23,000 in 2015<sup>6</sup>.

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<sup>4</sup> The Transition Support Package consists of the Wage Credit Scheme, the PIC Bonus and the Corporate Income Tax (CIT) Rebate.

<sup>5</sup> The percentage of SMEs taking steps to raise their productivity rose from 83% in 2013 to around 90% in 2014 and 2015, according to the Singapore Chinese Chamber of Commerce and Industry (SCCCI)'s annual SME Survey. In particular, the proportion of micro SMEs (below \$1m turnover) embarking on a productivity drive rose from 80% in 2013 to 86% in 2014 and 92% in 2015

<sup>6</sup> MOM Labour Market Report 2015. Total Foreign Workers excluding Foreign Domestic Workers

- c. With a tighter labour market, we managed to sustain real median income growth for Singaporeans at an average of 2.9%<sup>7</sup> per year over 2009 to 2015.
- d. Productivity growth has not been as strong as we would like. While productivity has grown by an average of 2.7% per year over 2009 to 2015<sup>8</sup>, most of this increase was due to the cyclical rebound in 2010 and 2011. Productivity growth has remained relatively flat over the past three years<sup>9</sup>. We must keep working on this.

## **Economic Challenges**

### **Cyclical Headwinds**

- B.4. In 2015, the economy grew by 2%. The performance across sectors was varied: wholesale and retail trade, and finance and insurance did well, while manufacturing, in particular the marine and offshore segment, declined, as we can see from this chart.
- B.5. I am aware that current business conditions are difficult and uncertain. Many of our firms are facing weaker top-line growth, rising manpower costs and tighter financing. Workers are anxious as retrenchment has increased, including among professionals.
- B.6. In the coming year, given our economy's heavy dependence on external demand, the weaknesses in the global economy will pose strong headwinds.

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<sup>7</sup> Figure is deflated by Consumer Price Index for all items at 2014 prices (2014 = 100).

<sup>8</sup> Measured by VA/Actual Hours worked.

<sup>9</sup> VA/AHW grew at a compounded annual growth rate (CAGR) of 1.0% from 2013 to 2015.

- B.7. The pace of global economic recovery is uneven, with the US being the most advanced, while Europe and Japan will only see modest growth aided by monetary stimulus. Closer to home, China is going through a transition towards a more sustainable growth path. It is a complex transition and any short-term setbacks may create volatility in the financial markets.
- B.8. We therefore expect externally-oriented sectors such as manufacturing to continue to face subdued demand. The extended downturn in oil and other commodity prices is affecting commodity-related activities, particularly the marine and offshore sector. Weak global demand in electronics will spill over to related sectors such as precision engineering.
- B.9. But while overall growth is subdued, our business landscape is varied. There are pockets of growth and resilience. Even within manufacturing, the medtech and chemicals sectors are growing. Exports of services, including tourism, financial services, Information and Communications Technology (or ICT) and consultancy are benefiting from regional demand. Domestic-oriented sectors such as retail, healthcare and education have been, and should remain, stable. Construction, too, will be supported by a large expansion in public infrastructure and housing projects, even as private residential demand has ebbed.
- B.10. Within sectors, prospects vary across firms. Some are becoming more competitive and gaining market share, while others are seeking to relocate to cheaper destinations.
- B.11. Similarly, prospects in the labour market are mixed. Overall, redundancies increased in 2015 as global demand slowed and

restructuring continued. Some of those made redundant took longer to find jobs. At the same time, however, unemployment remained low at 1.9%. While some sectors such as the offshore and marine and manufacturing are retrenching staff, others such as healthcare, education, and ICT are hiring.

B.12. In summary, while we face weaker prospects overall, MTI expects GDP to grow at 1% to 3% for the year, not very different from the 2.0% in 2015<sup>10</sup>. So while conditions are difficult, we should not be overly pessimistic.

### **Structural Changes**

B.13. Even as we tackle immediate cyclical weaknesses, we must be alert to major structural changes abroad and at home.

- a. Major economies are continuing to restructure, and will alter the global competitive landscape in the process. China is rebalancing towards consumption and services-led growth, and developing innovation-intensive industries. India is building on its strengths in ICT, and seeking to attract manufacturing investments. These ongoing changes are rapidly changing the patterns of trade and specialisation in Asia.
- b. Technological changes, especially in robotics, automation, artificial intelligence and ICT, are disrupting business models across all sectors. Some call the coming changes “Industrial Revolution 4.0.”

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<sup>10</sup> 4Q2015 Economic Survey of Singapore, Ministry of Trade and Industry

- c. At home, manpower growth is slowing, and our population is ageing. Real wage increases over the past few years have benefited workers and households. But unless productivity improves in tandem, we will be less competitive, and both businesses and workers will be worse off.
- B.14. All these changes pose intense challenges for our businesses, which will have to succeed in a more competitive environment while contending with tighter labour constraints. The need to restructure is both urgent and critical.
- B.15. While there are challenges, there are also growing opportunities. We are in the centre of the Asian growth story: China, India and ASEAN are expected to grow at 6.3%<sup>11</sup> per year over the next five years, accounting for about one-third of global growth. The ASEAN Economic Community, the Trans-Pacific Partnership, and China's One Belt One Road initiative will open up new opportunities.
- B.16. We are well placed to benefit from technological changes – our investments in education, R&D and digital infrastructure will enable us to seize new opportunities.
- B.17. We also started restructuring early and our firms, including SMEs, are embarking on change. Our people are valued for their integrity, adaptability, and multi-cultural sensitivity. Singapore is a highly-connected, trusted node.

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<sup>11</sup> Weighted by the share of each country's nominal GDP.

## **Our Approach Going Forward**

- B.18. In summary, we face near-term cyclical weaknesses, which affect various sectors in different degrees, as well as medium-term structural challenges. But we are well positioned to manage these challenges.
- B.19. **Budget 2016 has three key thrusts to address the challenges in our economy:**
- a. First, to address cyclical weaknesses, we will adopt an **expansionary fiscal stance** to provide some counter. Taking into account the higher expenditures and additional measures introduced in this Budget, our projection is that this will amount to a **positive fiscal impulse of slightly over 1% of GDP**. This, together with relief measures targeted at SMEs, will provide support in the near term.
  - b. Second, as increased spending alone cannot address structural issues, we will target resources towards enabling firms to build deeper capabilities, develop their people, scale up and internationalise. We will launch the **Industry Transformation Programme** to **strengthen enterprises and industry**, and to **drive growth through innovation**. The aim is to **enable our firms to emerge stronger to benefit from the broader global recovery** when it takes place.
  - c. Third, we will **support our people through change**, by enabling them to **learn new skills**, especially in new, fast growing sectors, **and in facilitating employment and job-matching**.

B.20. To tackle medium to long-term issues, we have convened the Committee on the Future Economy (or CFE). Though the CFE has just begun work, the inputs have been valuable for the measures in this Budget, and as the deliberations continue, we will update our plans.

## **Addressing Near-Term Concerns**

B.21. Let me speak on the support we are providing to address immediate concerns, while encouraging restructuring.

### **Continued Support from Transition Support Package and Public Infrastructure Projects**

B.22. The first source of support for firms comes from existing measures and public spending, including public infrastructure projects. This year, total spending is expected to be \$5.0 billion (7.3%) higher than in FY2015. The increases are mainly in healthcare, education, security and urban development.

B.23. The Transition Support Package that was introduced in FY2013 will also continue to support our firms in raising productivity. In particular, this month, firms will receive a total of \$1.9 billion for qualifying wage increases given under the Wage Credit Scheme<sup>12</sup>, the largest payout to date.

B.24. In addition, public sector demand for construction projects is expected to increase significantly in 2016, helping to mitigate a decline in private sector construction demand. This includes more

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<sup>12</sup> This includes wage increases given in 2015, as well as those sustained from 2013 and 2014.

than \$2.5 billion of public sector contracts for smaller projects<sup>13</sup>, which will benefit smaller construction firms.

### **Enhancing Corporate Income Tax Rebate**

- B.25. Second, to help companies, especially SMEs, I will **raise the existing Corporate Income Tax (CIT) Rebate**, from 30% of tax payable to 50% of tax payable, with a cap of \$20,000 rebate each year for YAs 2016 and 2017. The last time we had this 50% rebate was in YA 2001<sup>14</sup>.
- B.26. The higher percentage rebate is targeted at SMEs.
- B.27. The increased support is expected to cost an additional **\$180 million over two years**, bringing the total support given to companies under the CIT rebate to close to a billion dollars over two years.

### **Extending Special Employment Credit**

- B.28. Our third measure to support companies is the Special Employment Credit (or SEC). The SEC is due to expire this year. I will **modify and extend the SEC for three years**, to the end of 2019, to provide employers with a wage offset for workers aged 55 and above earning up to \$4,000 a month<sup>15</sup>.
- B.29. Employers with Singaporean workers aged 65 and above will continue to receive a wage offset of up to 8%. This is in addition

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<sup>13</sup> “Smaller construction projects” refer to projects with construction value estimated to be below \$100 million.

<sup>14</sup> The rebate for YA 2001 was 50% of tax payable on the first \$25,500 (i.e. cap of \$12,750), and 5% of tax payable on the excess of \$25,500.

<sup>15</sup> A lower SEC is provided for workers with a monthly wage of between \$3,000 and \$4,000.

to the wage offset of 3% for the re-employment of workers aged 65 and above till the re-employment age is raised in 2017.

- B.30. The SEC will be up to 5% for workers aged 60 to 64 and up to 3% for those aged 55 to 59.

Table 1: SEC wage offset for workers earning up to \$4,000 per month

<b>Age of Worker</b>	<b>2017 to 2019</b>
55 to 59	Up to 3% of monthly wage
60 to 64	Up to 5% of monthly wage
65 and above	Up to 8% of monthly wage (+ additional 3% until the re-employment age is raised)

- B.31. The SEC will cover about 340,000 workers, or about three in four older Singaporean workers. To support this extension, I will **top up the SEC Fund by \$1.1 billion**. (Refer to Annex A-1).

**SME Loan Assistance**

- B.32. The fourth measure will support viable SMEs that may have cash flow concerns or wish to continue growing their business. We will introduce an **SME Working Capital Loan** scheme, for loans of up to \$300,000 per SME. Under this scheme, the government will

co-share 50% of the default risk of such loans with participating financial institutions, to encourage lending to our SMEs.

- B.33. The SME Working Capital Loan will be available for three years. This could catalyse more than \$2 billion of loans over this period. (Refer to Annex A-2.)

### **Enhancement to Revitalisation of Shops Scheme**

- B.34. Fifth, we will help our heartland shops to be more vibrant, as these shops give our neighbourhoods a sense of community. MND will **enhance the Revitalisation of Shops package, to better support promotional activities and upgrading projects** in HDB town centres and neighbourhood centres.
- B.35. SPRING will also work with the Federation of Merchants' Associations and local merchant associations to strengthen their capabilities to support heartland businesses.
- B.36. This enhanced initiative is expected to cost about **\$15 million annually**.

### **Foreign Worker Levy Changes**

- B.37. Finally, in view of challenging business conditions in the Marine and Process sectors and the reduction in the number of Work Permit holders in these sectors, we will defer levy increases for Work Permit holders in these sectors for one year. Manufacturing Work Permit levies will remain unchanged for another year, as announced at Budget 2015.
- B.38. We will proceed with levy increases for Services and Construction Work Permit holders, as well as S Pass holders in every sector, as announced in Budget 2015. This is in view that the foreign

workforce has continued to grow in these areas over the past year. Details are in the Annex. (Refer to Annex A-3).

### **Significant Support to Address Near-Term Concerns**

B.39. Taken together, this calibrated set of measures is appropriate to address the near-term concerns of our firms, especially SMEs, while enabling restructuring. Some have asked for a repeat of support measures we saw in 2009. But that was when the economy was already in deep recession, and facing huge uncertainty. For now, while the outlook is soft, MTI expects positive growth in 2016. We must not let pessimism take hold, lest it creates self-fulfilling expectations. The Government will continue to monitor the situation, and stands ready to act if conditions warrant.

### **Monitoring the Property Market**

B.40. Some have asked about the range of measures that we have introduced to stabilise the property market since 2010. These are intended to keep the market stable and sustainable. Based on the price level and current market conditions, our assessment is that it is premature to relax these measures. We will continue to monitor developments in the property market closely.

## **Industry Transformation Programme**

B.41. Even as we provide immediate relief and support amid the current cyclical slowdown, we must press on with economic transformation. The global economic landscape is changing, and our challenges are pressing. We have a narrow window. We must

find every opportunity to transform, to emerge stronger in the coming years.

B.42. In Budget 2016, we will launch a **new Industry Transformation Programme** to take us into the next phase of our development. This builds on our efforts under the Quality Growth Programme, which was introduced in Budget 2013 to achieve inclusive growth driven by innovation and higher productivity.

B.43. The Industry Transformation Programme will help firms and industries to create new value and drive growth in four ways:

a. It will involve **integrating our different restructuring efforts**. Our efforts to raise productivity, develop our people, and drive research and innovation are working, but we can maximise impact by pulling these together.

b. We will take a **more targeted and sector-focused approach to better meet the needs** of firms in each sector.

c. We will **deepen partnerships between government and the industry, and among industry players** to identify challenges, and develop solutions to support transformation.

d. And we will place a stronger emphasis on **technology adoption and innovation**.

### **The Food Manufacturing Sector**

B.44. The Food Manufacturing sector is a good example of how such an approach can succeed:

- a. Individually, our Singapore food companies have put in place many innovations. Some, such as Tan Seng Kee, have used technology to develop a whole range of products which stay fresh for longer. This enabled Tan Seng Kee to be the first company in Singapore to export fresh noodles that can be easily prepared with its special sauce mixes in flavours such as Laksa and Curry Mee. Others, such as Foodgnostic, have transformed their business models to enhance business growth through internationalisation and food exports.
- b. As an industry, our food manufacturers built on their innovations and Singapore's trusted reputation for high quality and safe food to jointly create the "Tasty Singapore" brand. Using this brand, they are internationalising and selling to China, India, the Middle East, and even Africa. They are now expanding through e-commerce, using websites such as Tmall.com.
- c. The food industry **integrated** their efforts. The combined novelty and quality of their individual products allowed them to stand out as a group. The sharing of common facilities gave them economies of scale. And building the Singapore brand together won them global recognition. In turn, their success creates a virtuous cycle of investments.
- d. Our food industry has also been **investing in their people**. These include 280 management associates and interns who they see as future leaders.
- e. There have been **strong partnerships** across firms, as

well as between firms and the Singapore Food Manufacturing Association (SFMA), the Food Innovation Resource Centre in Singapore Polytechnic<sup>16</sup> and various Government agencies<sup>17</sup>.

B.45. As a result, what once appeared to be a sunset industry – because of low margins and high labour cost – is now a thriving sector. Value-add per worker has grown considerably from 2010 to 2014.

B.46. The Food Manufacturing sector shows the importance of mindset – as one of the industry’s leaders told me: “There is no such thing as a sunset industry, only sunset thinking!”

B.47. It shows that transformation comes not only from individual firms but the industry as a whole working together. This year, we will set out three key thrusts under the Industry Transformation Programme:

- a. First, we will support the **transformation of enterprises**, to build deep capabilities, deploy technology, develop scale and internationalise.
- b. Second, we will **support the transformation of industries**, to adopt technology and innovate faster, come

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<sup>16</sup> The Food Innovation & Resource Centre is a Centre of Innovation in Singapore Polytechnic. It was established in 2007 to provide food enterprises with technical expertise in new product and process development, including packaging, shelf-life evaluation and market testing. FIRC also works closely with SFMA to organise workshops for the industry. From 2010 to 2015, FIRC supported more than 300 companies on shelf life extension, product innovation and process improvement.

<sup>17</sup> From 2011 to 2015, SPRING supported more than 900 innovation, automation and standards adoption projects, benefitting some 500 companies.

up with common industry solutions, seek new markets overseas, and deepen industry partnerships.

- c. Third, we will drive **transformation through innovation**.

### *Transforming Enterprises*

- B.48. Let me start with transforming enterprises.
- B.49. Enterprises are the building blocks of our economy. Vibrant enterprises that change and transform with the times create growth and buzz in the economy.
- B.50. Take the example of Xin Ming Hua Private Limited. Started as a small machinery and repair shop in 1955, it is now one of the largest distributors of engines and power systems in Asia. It has been active in innovating and building up in-house design and manufacturing capabilities; adopting automation to achieve productivity gains of up to 75% with the help of Republic Polytechnic<sup>18</sup>; and internationalising and scaling up its operations to serve customers better.
- B.51. To support many more firms to transform successfully, we will introduce several measures in this Budget.

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<sup>18</sup> Centre of Innovation for Supply Chain Management

## **Business Grants Portal**

- B.52. Today, we have a wide range of schemes administered by various government agencies to help enterprises<sup>19</sup> of different sizes, across industries.
- B.53. To help SMEs access these schemes, we established SME Centres and stepped up our outreach efforts.
- B.54. Still, many firms found the range of incentive schemes and agencies confusing. Indeed, it is an alphabet soup, as shown on this slide: it is scheme-centric, not enterprise-centric.
- B.55. To be more enterprise-centric, we will launch **the Business Grants Portal** in the fourth quarter of this year. This portal will be organised along core business needs of capability building, training and international expansion. Firms will not need to go from agency to agency to figure out which schemes apply to them.
- B.56. The portal will also pre-populate details that are available in the ACRA database. The Business Grants Portal will start with grants from IE Singapore, SPRING, STB and Design Singapore and progressively include grants from other government agencies.
- B.57. We will also continue to review and simplify the various support schemes, to improve access, and to strengthen assistance for enterprises at various stages of growth.

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<sup>19</sup> These include broad-based schemes such as the Innovation and Capability Voucher, more targeted support such as SPRING's Capability Development Grant, and even sector-specific schemes such as MDA's Market Assist grant

## **Automation Support Package**

- B.58. To support companies to automate, drive productivity and scale up, we will **offer a new Automation Support Package** for an initial period of 3 years.
- B.59. Currently, there is no support for the scaling up of automation projects. As these involve significant financial outlays, some companies find it difficult to commit.
- B.60. The new Automation Support Package from SPRING will comprise four components:
- a. First, we will provide a grant to **support the roll-out or scaling up of automation projects**. We will fund these projects at **up to 50% of project cost, with a maximum grant of \$1 million**.
  - b. Second, for qualifying projects, there will be a **new 100% Investment Allowance** for automation equipment.
  - c. Third, we will **improve SMEs' access to loans** for qualifying projects. To do so, government will enhance our risk-share with participating financial institutions **from 50% to 70%** for such projects.
  - d. Fourth, as such large-scale automation projects enable firms to scale and internationalise, IE Singapore will work together with SPRING in relevant cases to help these businesses to access overseas markets.
- B.61. This comprehensive package offered by the Automation Support Package will be useful to firms seeking to grow.

B.62. We anticipate that the Automation Support Package will provide support of **over \$400 million** over the next 3 years. Details are in the Annex. (Refer to Annex A-2.)

### **Financing and Tax Incentives to Support Scale-Ups**

B.63. Next, I will **expand the SME Mezzanine Growth Fund from the current fund size of \$100 million to a total fund size of up to \$150 million**. We will do so by matching up to \$25 million of new private sector investment on a 1:1 basis. This will provide more capital to support our SMEs to scale up and internationalise<sup>20</sup>. (Refer to Annex A-2).

B.64. To support more mergers and acquisitions (M&As), I will grant the M&A allowance on up to \$40 million of the value of the deal, instead of the current cap of \$20 million. With the enhancement of the M&A allowance to 25% of the value of the deal as announced in Budget 2015, companies can now enjoy up to \$10 million of M&A tax allowances per Year of Assessment.

B.65. To provide upfront certainty to companies for their corporate restructuring, I will extend the **non-taxation of companies' gains on disposal of their equity investments**, based on existing scheme parameters, until 31 May 2022. More details on these tax incentives can be found in the Annex. (Refer to Annex A-4.)

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<sup>20</sup> The SME Mezzanine Growth Fund was first announced in Budget 2014.

## **Support for Internationalisation**

- B.66. Our firms, especially SMEs, are eager to seek new markets and new growth opportunities overseas.
- B.67. In the coming years, IE Singapore will support more firms in their internationalisation efforts. In 2015, IE supported 34,000 companies in their internationalisation efforts, a 21% increase over 2014. In 2016, IE expects to help around 35,000 to 40,000 companies of all sizes to venture overseas<sup>21</sup>.
- B.68. In addition, I will **extend the Double Tax Deduction for Internationalisation** scheme, till 31 March 2020. This covers qualifying expenses incurred for activities such as participation in overseas business development and investment study trips.

## **Transforming Industries**

- B.69. I have outlined how we will support individual enterprises to transform. They will find it easier to transform if their entire industry also undertakes transformation. By doing it together, firms achieve scale, drive down cost, incentivise service providers to step forward, and expand mindshare.
- B.70. The **second thrust** of our Industry Transformation Programme is thus to **support industry-level transformation**.
- B.71. For example, robots can handle metal fabrication processes more efficiently, from steel cutting to welding to machine tending. But these may be too expensive or complicated for many SMEs. Recently, a number of solution providers including Lincoln Electric

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<sup>21</sup> This targeted assistance is provided through the Global Company Partnership and Market Readiness Assistance.

came forward to design and deliver more affordable, modular systems for SMEs. Over 1,000 SMEs could benefit, if this is scaled up across the manufacturing sector.

B.72. Industry-level transformation works best if firms partner one another, or if industry associations lead the effort, because they know their needs best. Government agencies can support by initialising lead demand or through regulatory changes. We need to form close partnerships among firms, industry associations and Government to drive industry-level transformation.

B.73. Let me highlight three specific measures.

### **National Trade Platform**

B.74. First, we will develop a **National Trade Platform** as the next-generation platform to support firms, particularly in the logistics and trade finance sectors. This will eventually replace our current TradeNet and TradeXchange systems.

B.75. As a one-stop trade information management system, the National Trade Platform will enable electronic data sharing among businesses and government. Firms only have to provide trade information once and authorise its use by logistics providers as well as business partners. The information can also be used for Customs and other trade regulatory approvals. This will be especially helpful for SMEs, to cut costs and streamline processes.

B.76. The National Trade Platform is not just an IT system. We will develop it as an **open innovation platform**, so that other service

providers can develop **value-added services and apps** in areas such as operations, visibility and trade finance.

B.77. The National Trade Platform is expected to cost more than \$100 million to develop. It has the potential to bring **over \$600 million worth of man-hour savings each year** for our firms.

### **Leveraging New Technologies**

B.78. A second way to drive industry-level transformation is to develop and deploy new technologies to solve problems that are relevant for the entire industry. Robotics is a case in point.

B.79. Robotics technology can enable us to work more effectively in a tight labour market. It can also create more high value-added jobs.

#### **Illustration of Robotics Applications**

B.80. In our hospitals, robotic technology is used in the pharmacy to pick medication accurately and quickly. This frees up time for pharmacy staff to provide advice on medication. Autonomous transporters are used to move supplies efficiently in the hospital. Our hospitals are also trying power-assisted bed transport technologies to reduce the manual effort in moving patients. All these technologies can improve efficiency and transform the healthcare industry.

B.81. Apart from healthcare, robotics and automation technology can be applied widely to transform sectors such as Construction, Manufacturing and Logistics. We announced the National Robotics Programme last year. We will now scale up our efforts,

and in particular, work with solution providers to offer packaged solutions to SMEs at a reasonable cost.

B.82. I will make available **over \$450 million** to support the **National Robotics Programme** over the **next three years**.

### **Increasing Outreach through TACs**

B.83. The third key way to drive industry-level transformation is through our Trade Associations and Chambers (or TACs). TACs have intimate knowledge of the needs and potential of their specific sectors. They are well-placed to reach out to many firms, especially SMEs.

B.84. We will build on the existing Local Enterprise and Association Development (LEAD) programme to help our TACs strengthen their outreach through the **new LEAD-Plus programme**. This will provide wider funding support for TACs to attract talent, develop their capabilities, and strengthen their processes and services.

B.85. To forge a closer partnership, and enable public officers to better understand the needs of our firms, we will also second up to 20 public officers to interested TACs as part of the LEAD-Plus programme over the next five years. Various TACs have already expressed interest.

B.86. In addition, TACs can support firms to build capabilities, and lead the development of industry-wide solutions for common challenges. **SPRING will partner TACs to drive 30 such projects over the next three years, to reach out to more than 3,000 SMEs.**

- B.87. We will set aside **up to \$30 million over the next five years** to support TACs in developing their capabilities, with additional funding for industry-wide transformation projects<sup>22</sup>. I encourage TACs to step forward. Some have already expressed interest and SPRING will announce these soon.
- B.88. I just spoke about how we can drive transformation at the industry-level by leveraging platform solutions and new technologies, and increasing industry outreach through TACs. This builds on enterprise-level transformation, and strengthens our economy.

### **Transforming through Innovation**

- B.89. Let me now speak about how firms and industry as a whole must transform through innovation.
- B.90. Innovation is critical to the Industry Transformation Programme. Many of the successful enterprise and industry-level transformations I described earlier have some elements of innovation in the form of new products or services, new processes, or new business or organisation models.
- B.91. Innovation is enabled and enhanced by the use of technology but innovation goes beyond that. It is fundamentally about new ways of doing things to meet the needs of people and industries better.
- B.92. Innovation is the engine of value creation and growth. We must make innovation pervasive in our society. This is a long-term endeavour but let me outline some initial steps.

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<sup>22</sup> This will be done under SPRING's Collaborative Industry Projects programme.

## **Deepening Innovation Capabilities**

B.93. First, we will continue to deepen industry capabilities in innovation and R&D.

B.94. Of the commitment announced for the Research, Innovation and Enterprise (RIE) 2020 Plan, up to \$4 billion will be directed to industry-research collaboration. This represents a concerted shift towards innovation and enterprise, to capture the economic and social value of R&D.

### **Procter and Gamble Singapore Innovation Centre (SgIC)**

B.95. Let me give an illustration. Procter and Gamble (P&G) has worked with A\*STAR and EDB to set up the Singapore Innovation Centre (SgIC). It is one of P&G's major innovation centres, focusing on research and product development for its global business units in Home Care, Healthcare, Grooming and Skin Care. The SgIC will be a key open innovation hub to accelerate and facilitate collaborations between P&G and partners in Asia, including Singapore enterprises.

B.96. **To support the RIE 2020 effort, I will provide a top-up of \$1.5 billion to the National Research Fund this year.**

B.97. The ownership of Intellectual Property (or IP) allows companies to realise the value of its efforts. To encourage companies to acquire IP, I will now allow businesses the flexibility to write down

the **cost of acquiring IP over different periods of 5, 10 or 15 years**, instead of the current 5 years only<sup>23</sup>.

### **Strengthening Innovation and Enterprise Networks**

B.98. A second way to transform through innovation is to promote start-ups, in new and existing industries.

B.99. We have been nurturing our start-up ecosystem, including venture funding and support for accelerators and incubators<sup>24</sup>. The start-up scene today is more vibrant, with growing funding support from venture and private equity funds.

B.100. To give these efforts a further boost, we will set up a new entity called **“SG-Innovate”**. SG-Innovate will match budding entrepreneurs with mentors, introduce them to venture capital firms, help them to access talent in research institutes, and open up new markets. SG-Innovate will build on what has been done by the Infocomm Investments Private Limited (IIPL), and work with SPRING and EDB to expand the accelerator programmes to new and emerging sectors such as Smart Energy, Digital Manufacturing, Fintech, Digital Health, and Internet-of-Things.

### **Jurong Innovation District**

B.101. A third way to transform through innovation is create an open and innovative urban environment. We will launch an exciting new development: the **Jurong Innovation District**. It will be the future of innovation for enterprise, learning and living.

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<sup>23</sup> In Budget 2014, we had extended the writing down allowance scheme for another five years till YA2020. The scheme allows businesses to claim writing down allowance on the cost of acquiring IP rights, including patents, trademarks, registered designs, copyrights, over a period of five years.

<sup>24</sup> Including EDB, IDA, MDA, NRF and SPRING.

- B.102. Fifty years ago, we transformed Jurong from swampland into a thriving hub for the manufacturing industry that powered Singapore's economic growth. Now, we will make another leap to create the industrial park of the future.
- B.103. Our earlier industrial estates were developed for specific industries, focused mostly on production. Today, however, learning, research, innovation and production are closely intertwined.
- B.104. The Jurong Innovation District will create an environment to house these different activities within a single, next-generation industrial district. This has the potential to transform how we live, work, play, learn and create.
- B.105. Let me show you a video of what the Jurong Innovation District could look like when it is completed:
- B.106. JTC is currently constructing Launchpad @ JID, to serve as a space for entrepreneurs, researchers and students to design, prototype, and test-bed their new innovations<sup>25</sup>.
- B.107. JTC has also launched an Open Innovation Call to invite private sector technology owners to test-bed and develop innovative and sustainable infrastructure solutions within the District. In parallel, we will be building Jurong Innovation District progressively, with the first phase targeted for completion around 2022.
- B.108. Similarly, we are investing in infrastructure for the future such as Changi Airport Terminal 5 to better connect us to the world, and

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<sup>25</sup> Launchpad @ JID is targeted to be completed in 2017.

to test innovative solutions. This year, I will make a further \$1 billion top-up to the Changi Airport Development Fund to support this effort.

### **Moving Forward Decisively**

B.109. Let me summarise. We are launching the Industry Transformation Programme to transform our enterprises, transform industries and transform through innovation. These three thrusts will take concerted partnership to realise. I have highlighted a few examples of how enterprises and entire industries can embark on this transformation journey, but these are just a beginning.

B.110. As a government, we must adopt a **more integrated** approach to support transformation. Our agencies will work more closely together, integrating their different support schemes to take a **more targeted** approach to developing each industry. We will work closely with enterprises and at the industry-level to develop transformation maps for each sector. These will help us allocate the resources to develop each sector appropriately.

B.111. As a whole I will set aside a total of **\$4.5 billion**<sup>26</sup> under the Industry Transformation Programme, to support enterprises and industries, on top of the amounts for R&D and National Productivity Fund. This includes the next tranche of increased funding to SPRING, IE Singapore and EDB to support economic development, as well as new resources for measures announced in this Budget. These resources will support the sectors under the

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<sup>26</sup> This includes the new tranches of funding to support economic development under the Enterprise Development Fund (EDF) and the Economic Development Assistance Scheme (EDAS).

Industry Transformation Programme, as well as to cater for the growth of new industries over the next five years. The actual spending will depend on the take-up rates of the various schemes.

B.112. For example, we will make available over \$300 million to the Food Manufacturing sector over the next five years. This includes support to firms and TACs, as well as initiatives such as specialised industrial infrastructure.

B.113. We will take this **more integrated** and **more targeted** approach, in partnership with industry and unions, across more than 20 sectors, covering 80% of our GDP. The work with sectors such as precision engineering and logistics is at a more advanced stage. We will systemically develop transformation maps, sector-by-sector.

B.114. These maps will be ‘live’ documents that we have to adjust as we navigate our way. We may not have all the answers today, but we must work together – our people, firms, unions and government agencies – in a spirit of partnership, and to keep experimenting and trying, in the spirit of enterprise and innovation.

### **Shifting from Broad-Based Support**

B.115. As we move towards more targeted measures under the Industry Transformation Programme, I will continue the tapering of broad-based measures. PIC currently has two components: cash payout, and tax deductions. In line with our move towards more targeted measures, I will **lower the cash payout rate under PIC** from the current 60% to 40% for expenditures incurred on or after 1 August 2016. The 400% tax deductions under the scheme

remain unchanged. The PIC scheme which has been extended for YA 2016 to YA 2018 will expire thereafter.

B.116. Even with the tapering of these broad-based measures, we will continue to provide significant support for firms to restructure in the coming years.

### **Other Tax Incentives**

B.117. In addition to the Industry Transformation Programme, I will also extend and strengthen tax incentives to encourage higher industrial land productivity, and to enhance activities in the areas of finance and treasury, global trading and maritime activities. The details of these four changes are in the Annex. (Refer to Annex A-4.)

B.118. This Budget sets the direction, taking into account feedback from businesses during the initial phase of the work of the Committee on the Future Economy. As the CFE deliberates and consults more widely, we will adjust, but we must start to move in the new direction early.

## **Supporting Our People through Change**

B.119. Let me now go on to speak about how we will support our people to overcome challenges and seize opportunities.

B.120. As firms face weaknesses in cyclical demand and structural challenges, our people too will be directly affected. Some Singaporeans have been retrenched, while others are anxious about their future. Even where new jobs are being created, they wonder if they can keep up.

- B.121. Indeed, as economic cycles shorten and changes occur faster, the pressure on our people to adapt will rise. People all over the world are facing this. I understand Singaporeans' anxieties and concerns and we must give every support to our people.
- B.122. One major way is for our firms to restructure, so that our workers have better prospects. This chart shows that across selected industries<sup>27</sup>, firms with higher productivity tend to pay higher wages.
- B.123. It is important for our firms to raise productivity, or else our workers would remain in low value-added jobs with weak prospects. We must aim for a virtuous cycle of higher skills, higher productivity and higher wages. The Industry Transformation Programme I outlined earlier will be a major effort to achieve this.
- B.124. Even in new sectors that are growing, such as ICT, new skills are constantly needed as technologies change rapidly. Today, with the exponential growth of social and mobile offerings by businesses, employers are looking for software engineers with skills in User Interface and Design, Android/iOS development, Application Programming Interfaces, on top of the commonly used programming languages like Python, C++ and Java.
- B.125. In short, like firms, our people too are facing cyclical and structural changes. I appreciate that it is not easy for those who are retrenched to learn new skills and find new jobs. But if we

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<sup>27</sup> Accommodation, F&B Services, General Manufacturing and Precision Engineering.

remain adaptable, learn, unlearn and relearn quickly, we can stay relevant and seek new careers.

B.126. With the robust attitude of Singaporeans towards changes, and our willingness to learn, we are better placed than many others elsewhere to cope with change. We must retain our confidence.

- a. Our people are increasingly better educated, and we are investing significantly in life-long learning and skills development under SkillsFuture.
- b. Our polytechnics and universities have responded to the changing job market. For instance, our polytechnics now offer new courses such as cybersecurity and digital forensics. SIT also now trains food technologists<sup>28</sup>.

B.127. Dealing with change will be a long-term endeavour, and for this Budget, the government will, together with employers and unions, support our people in three ways.

- a. First, through SkillsFuture, we will support our people to keep learning new skills;
- b. Second, we will help those who have been laid off, to find new work and build a new career;
- c. Third, we will pilot new approaches to job matching and training, to enable more people to seize new opportunities in growth sectors.

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<sup>28</sup> The Singapore Institute of Technology.

## **Investing in SkillsFuture**

B.128. SkillsFuture is our long-term game plan. Since we launched SkillsFuture in November 2014, we have put in place many initiatives. These will enable our people to identify and pursue their interests at every stage of life, and to broaden and deepen their skills with better education and training.

B.129. For example, we have announced SkillsFuture Earn and Learn Programmes in 12 sectors. Since January, Singaporeans have also started using the SkillsFuture Credit to learn new skills.

B.130. The SkillsFuture Study Awards, which support individuals to develop specialist skills, is taking off nicely. Since October last year, the response has been good and we have rolled out the study awards covering 12 areas of specialisation.

### **Ms Yap Chui Hoon**

B.131. Take for example Ms Yap Chui Hoon, who will be using the SkillsFuture Study Award to deepen her skills as a social worker. She has been a lifelong learner. After graduating with an ITE certificate, she worked for more than ten years. She learnt on the job with the help of multiple part-time courses, including diplomas in social service and disability studies. I am happy to say that she is now embarking on a degree programme in social work to better support her clients with special needs at the APSN Centre for Adults.

B.132. We are off to a good start, and must continue to expand and deepen SkillsFuture.

## **Helping Our People to Adjust**

### **Adapt and Grow Initiative**

B.133. To support our people amidst softening economic conditions and ongoing restructuring, MOM will enhance employment support through the “Adapt and Grow” initiative. This will help our people adapt to changing job demands and grow their skills.

- a. For workers who may face greater difficulty in finding jobs, we will expand our wage support schemes to encourage firms to hire them. This will benefit more workers who may be affected by retrenchments or business restructuring.
- b. For mid-career jobseekers including retrenched professionals, we will step up professional conversion programmes. New programmes will be launched in sectors such as Design, and ICT. We will also enhance efforts to help match them in jobs with SMEs.

B.134. We expect to more than double the current outreach for PMETs<sup>29</sup> from 2,000 to over 4,000. MOM will commit an additional \$35 million a year from the Lifelong Learning Endowment Fund and Skills Development Fund to support these initiatives.

## **Enabling Our People to Seize New Opportunities**

B.135. The final thrust of our efforts is to support our people to acquire new skills and match them to new opportunities in growing sectors.

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<sup>29</sup> Professionals, Managers, Executives and Technicians.

## **TechSkills Accelerator**

B.136. We will start with the ICT sector. The demand for ICT professionals is growing because it can enable many new businesses as well as disrupt existing ones. To drive our Smart Nation effort, we will need many more of our own experts, in a wide variety of skills – programmers and coders, cybersecurity specialists, user experience designers. The current shortage is driving up pay – the average starting pay of fresh computer engineering graduates increased by over 14% last year to around \$4,000. IDA estimates that we will have about 30,000 new positions by 2020.

B.137. To enable our people to learn new ICT skills quickly, we will set up the **TechSkills Accelerator**, a new skills development and job placement hub for the ICT sector. Major IT employers and associations including SiTF, SCS and ITMA<sup>30</sup> will partner IDA in this effort.

B.138. TechSkills Accelerator will pioneer a new way of enabling our people to acquire expertise and skills, so as to engage in the fast growing ICT sector. It will:

- a. Identify specific skills in demand and work with specialised training providers to meet these complex demands in start-ups and in sectors such as finance and healthcare.
- b. Develop industry-recognised skills standards and certification. This will guide ICT professionals to acquire

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<sup>30</sup> SiTF is the Singapore infocomm Technology Federation, SCS is the Singapore Computer Society, and ITMA is the IT Management Association

industry-relevant skills and help employers assess skills proficiency of their employees.

- c. Work with anchor employers to commit to hiring and paying based on certified skills proficiency rather than academic qualifications alone. Several employers have agreed to come on board, including the new Government Technology Agency.

B.139. TechSkills Accelerator will pioneer new ways of enabling Singaporeans to be at the frontiers of learning and knowledge, to seize opportunities in new growth areas. We will expand these efforts to more sectors in the coming years.

B.140. As announced at Budget 2015, we estimate that our spending on SkillsFuture and related initiatives will average over \$1 billion per year till 2020.

B.141. The Ministers for Communications and Information, Education, Manpower, National Development, and Trade and Industry will elaborate on the various measures that I have spoken about, at the Committee of Supply.

B.142. Through all these measures, Budget 2016 seeks a new way to transform our economy through enterprise and innovation, with stronger partnerships among stakeholders to support our people to manage change.

B.143. Madam Speaker, may I have your permission to distribute materials to the Members in this House?

## C. Building a Caring and Resilient Society

### Building on Strong Foundations

- C.1. I have spent some time on how we will transform our economy through enterprise and innovation. We seek to transform our economy so that we continue to have the resources and opportunities for our home to be safe, and our people to find fulfilment. Together with a strong economy, we need to build a caring and resilient society.
- C.2. We want a Singapore which is **a great place to raise a family**, and where we **bring out the best in every Singaporean**; a society that **takes care of those who have special needs, who are less well-off or who have fallen on hard times**; a society where our **seniors age with energy and dignity**.
- C.3. Over the last decade, the Government has **invested more in our schools and preschools**. We have done more for families with children, through measures like the Baby Bonus and additional leave for parents. We have strengthened the four pillars of our social security system – **home ownership, healthcare assurance, CPF and Workfare**. We have also enhanced ComCare, and made help more accessible through the Social Service Offices.
- C.4. This Budget builds on what we have done, and looks at **new ways** to build a **caring and resilient society**. We will **forge a deeper partnership** between individuals, the community and the Government, **catalyse ground-up initiatives** to build caring and

cohesive neighbourhoods, and **pilot new ways** to reach out to our seniors.

## **Caring for Our Young**

C.5. I will first speak about the measures for our young – First Step, KidSTART and Fresh Start.

### **Supporting Families with Children**

#### **Child Development Account First Step Grant**

C.6. We will introduce a **new Child Development Account (CDA) First Step grant** for all Singaporean children. Parents will automatically receive \$3,000 in their child's CDA, which they can use for their children's healthcare and childcare needs. This will **apply to eligible babies born from today.**

C.7. Parents who save more will continue to receive dollar-for-dollar matching from the Government, up to the co-savings cap. For example, if they put \$3,000 into their first or second child's CDA, they will receive an additional \$3,000 in matching grants, bringing the total Government CDA grant to \$6,000, for a total of \$9,000 in the account.

C.8. Similarly, parents with more children will receive the CDA First Step grant. They can receive higher matching grants, as shown in the table. (See Table 2.)

*Table 2: CDA First Step Grant and Total Government CDA Grant*

<b>Birth Order</b>	<b>New CDA First Step grant for each child</b>	<b>Adjusted co-savings caps (Government matches savings by parents, up to these caps)</b>	<b>Maximum Government contribution for each child</b>
<b>1st and 2nd</b>	\$3,000	\$3,000	\$6,000
<b>3rd and 4th</b>	\$3,000	\$9,000	\$12,000
<b>5th and higher</b>	\$3,000	\$15,000	\$18,000

C.9. We will also double the Medisave withdrawal limit for pre-delivery medical expenses, from \$450 to \$900, with immediate effect. Details are in the Annex. (Refer to Annex B-1.) The Senior Minister of State in charge of the National Population and Talent Division will elaborate on further measures to make Singapore a great place for families at COS.

### **KidSTART**

C.10. Next, we will **pilot a new initiative**, called **KidSTART**, for **children in their first six years**. There is extensive research which shows that experiences in the **early years of a child's life** significantly influence his or her physical, cognitive, and social development.

C.11. We have been enhancing development programmes through our preschools and primary schools. However, there is a small group

of parents who may need more support to give their children a good start in life.

C.12. KidSTART will draw together government and community resources, to help these children receive appropriate learning, developmental, and health support. We will develop approaches that work best in the Singapore context.

C.13. **About 1,000 children** are expected to benefit. This pilot is expected to cost more than **\$20 million**. The Minister for Social and Family Development will elaborate on this at COS.

### **Fresh Start Housing Scheme**

C.14. We will also do more to help **families with children in rental housing**. The Prime Minister mentioned the **Fresh Start Housing Scheme** at last year's National Day Rally. There are some families who previously bought a flat, but sold it, and are now living in public rental flats. These families are not eligible for housing grants for first-timers, as they had received a housing subsidy before. For those who are determined to work hard to own a home again, we want to give them a fresh start.

C.15. The Fresh Start Housing Scheme will provide a **grant of up to \$35,000** to help such families with young children to own a 2-room flat, with a shorter lease, which will be more affordable for them. **Families will need to demonstrate effort**, for example, by staying employed and making sure their children attend school.

C.16. The Minister for National Development will provide more details at COS.

## **Building Resilience in our Youth**

### **National Outdoor Adventure Education Masterplan**

- C.17. To thrive, our young need a sense of adventure, resilience, and be ready to challenge themselves to be their best. To help our students develop these attributes, we will expand outdoor adventure education for all students, through a **new National Outdoor Adventure Education Masterplan**. As part of this effort, we will build a **new Outward Bound Singapore (OBS) campus on Coney Island**. This is an artist's impression of the campus.
- C.18. Many more youths will have the chance to go for an expedition with OBS. These activities will help them build confidence, and develop camaraderie with students across different schools.
- C.19. The OBS campus on Coney Island is expected to be ready around 2020, and cost about \$250 million. Just like the OBS campus on Pulau Ubin, it will be rustic, and blend in with the rest of the island. Coney Island remains open for everyone to enjoy. MCCY and MOE will provide more details later.

## **Caring for Our Low Wage Workers and Persons with Disabilities**

- C.20. For our children and youth, we concentrate on providing them opportunities through education. For adults, we focus on opportunities through work – through which we learn and contribute, and derive personal pride and dignity. There are three groups who may need more support in the workforce: seniors,

low wage workers, and persons with disabilities. We can do more together to help them.

C.21. I spoke earlier about the extension of the SEC, to encourage employers to hire seniors. I will now speak about helping our low wage workers, and persons with disabilities.

### **Enhancements to Workfare**

C.22. The **Workfare Income Supplement (WIS) scheme** has encouraged workers who are 35 years old and above to join the workforce, by supplementing their income and CPF savings. They can also upgrade their skills through the Workfare Training Support scheme and SkillsFuture.

C.23. We will further improve WIS for work done from January 2017.

C.24. First, we will **raise the qualifying income ceiling** from the current average wage of \$1,900 a month, to **\$2,000 a month**. WIS will continue to help the bottom 20% of workers, with some support also provided to those in the 30<sup>th</sup> income percentile. In total, we expect WIS to benefit about 460,000 Singaporeans.

C.25. Next, we will **increase WIS payouts**. Eligible workers will receive higher payouts. Payouts will vary depending on their age and income. For example, workers earning \$1,000 to \$1,600 a month<sup>31</sup> will receive increases in payouts of \$100 to \$500. Workers will continue to receive 40% of WIS in cash and 60% in CPF.

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<sup>31</sup> Corresponding approximately to wages in the bottom 20<sup>th</sup> percentile.

- C.26. To illustrate, an older worker aged 55 earning \$1,200 a month will now get a total of \$2,900 a year from WIS, with about \$1,200 in cash, and \$1,700 in CPF a year. He will then have \$3,500 more in his CPF account at age 65.
- C.27. We will also **simplify the qualifying criteria for WIS**. Today, to receive WIS, one has to work 2 out of 3 consecutive months, or 3 out of 6 consecutive months, or 6 out of 12 months in a year. We will now pay WIS for every month worked.
- C.28. By simplifying the qualifying criteria, workers can also look forward to receiving WIS payments more quickly – **monthly rather than quarterly**.
- C.29. With these enhancements to WIS, the total budget will be about **\$770 million a year**. (Refer to Annex B-2.)

### **Supporting Persons with Disabilities at Work**

- C.30. Many persons with disabilities also want the opportunity to contribute through work. We should support them. Today, those who meet the WIS eligibility criteria receive WIS, even if they are under 35 years old. They will benefit from the WIS enhancements I spoke about earlier.
- C.31. Employers who hire persons with disabilities who earn up to \$4,000 a month will **continue to receive the SEC**. They get a credit of up to 16% of the employee's wages, twice as large as the SEC for older workers.
- C.32. Currently, only low wage workers 35 years old and above are eligible for the Workfare Training Support scheme. We will now also **enable persons with disabilities who earn low wages**

**and are under 35 years old, to be eligible for the Workfare Training Support scheme**, so that we can better support them in their learning.

- C.33. The Public Service will play its part in expanding job opportunities for persons with disabilities, with support from SGEEnable. The Minister for Social and Family Development will speak on the review of the national Enabling Masterplan at the Committee of Supply.

## Caring for our Seniors

- C.34. There will be many more seniors amongst us in the coming years. The proportion of Singaporeans aged 65 and above will double from 1 in 8 today, to 1 in 4 by 2030. How we adjust, and turn this into a source of strength, will shape our society. Together, we must, and will make Singapore a model for successful ageing, and empower all to age with dignity and vitality.
- C.35. In this Budget, we will **increase retirement support** for seniors who have lesser means. We will also **build strong communities**, to support active ageing and engagement in the community.

## Implementation of Silver Support Scheme

- C.36. At Budget 2015, we spoke about the introduction of the Silver Support Scheme. It is a major new feature in our social security system. Some of our older Singaporeans have fewer resources in their retirement years than others, because they earned low wages even after working consistently throughout their lives, or because they stayed home to raise their families.

- C.37. The aim of Silver Support is to support the **bottom 20% of Singaporeans aged 65 and above, with a smaller degree of support extended to cover up to 30% of seniors**. It can be a **modest but meaningful supplement to their retirement incomes**. It is not intended to substitute for other sources of support, whether from their own savings or family support. Silver Support also complements other forms of assistance they may receive from existing schemes, whether it is Workfare, healthcare subsidies or the GST Voucher.
- C.38. Silver Support is **not only for the neediest** of our seniors. For the truly needy, we have the safety net of Public Assistance (PA), which I will speak about shortly.
- C.39. Over the past year or so, we have deliberated with care on the **fairest way of identifying those who are the bottom 20% to 30% of our seniors**. As no single criterion allows us to assess needs and operationalise the scheme effectively, **we will use three criteria in combination – lifetime wages, housing type, and the level of household support**.
- C.40. The first criterion, **lifetime wages**, is measured by the amount the individual has contributed into his CPF accounts in total<sup>32</sup> by the age of 55. Seniors who **have not more than \$70,000** in total CPF contributions by age 55 will meet the first criterion. We do not look at CPF contributions after 55, to encourage older Singaporeans to continue working.

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<sup>32</sup> Total CPF contributions to the Ordinary Account and Special Account (including amounts withdrawn for housing, education and investment) and amounts in the Medisave Account above the Medisave Minimum Sum.

- C.41. The second criterion is **housing type**. Silver Support will cover the seniors who live in and own a 4-room or smaller HDB flat<sup>33</sup>. Seniors who live in 5-room HDB flats, but do not own the flat, will also qualify if they meet the other criteria.
- C.42. The third criterion is **household support**. Seniors in the bottom one-third of households where, on average, each member earns not more than \$1,100 per month, can benefit from Silver Support.
- C.43. Together, these three criteria allow us to make sure Silver Support goes to those who have **lower incomes over their lifetimes and less retirement support**.
- C.44. **Eligible seniors will receive between \$300 to \$750 every quarter**, depending on their flat type. (See [Table 3](#).) The **majority of seniors living in 1- and 2-room flats** will receive Silver Support. About half of the seniors living in 3-room flats will also receive Silver Support.

Table 3: Silver Support Payouts

Live in	Singapore Citizens aged 65 and above who meet eligibility criteria
	Payout per quarter
1-2 room HDB	\$750
3-room HDB	\$600
4-room HDB	\$450
5-room HDB*	\$300

\*Note: Live in and do not own a 5-room HDB flat.

<sup>33</sup> Seniors will not qualify if they, or their spouses, or both, own an HDB flat which is 5-room or larger, private property, or multiple properties.

- C.45. To illustrate, take a **retired couple** living in a **3-room flat**. Each had put **less than \$70,000 into their CPF accounts by the age of 55**, perhaps because they were in low-wage jobs throughout their working lives. By all three counts, the couple qualify for Silver Support. The couple would **receive \$600 each in Silver Support payouts every three months**, or **\$4,800 together over the whole year**. This **will not change or stop any other support they are receiving** – such as the GST Voucher or healthcare subsidies through CHAS. For such couples, Silver Support can be very meaningful.
- C.46. There may also be some seniors in lower-income households who qualify for Silver Support, but subsequently no longer need it, for example because their children are able to provide stronger financial support. The converse may also happen, resulting in the senior needing more support. So we will make an assessment annually to take into account changes in circumstances, to make sure we target Silver Support at those with lesser means.
- C.47. We earlier announced that we would implement Silver Support around the first quarter of 2016. As this is a new and extensive scheme, we needed more time to operationalise it. We will make the first payout in **July this year**, and it will be a **double payout for two quarters** – the two quarters of April to June 2016, and July to September 2016. The next two payouts will be made in end-September and end-December. Each one is a payout for the coming quarter. In subsequent years, payouts will be made in March, June, September and December.

- C.48. CPF Board will notify eligible seniors before the first payout is made. There is no need for seniors to apply; this will happen automatically.
- C.49. Silver Support will **benefit more than 140,000 seniors**, and will **cost close to \$320 million** in the first year. The cost will likely increase over time as our population ages. (Refer to Annex B-3.)
- C.50. The **majority of our seniors, even if they do not qualify for Silver Support, will continue to benefit from substantial existing support schemes**. These include the GST Voucher, higher healthcare subsidies through MediShield Life premium subsidies and the Pioneer Generation Package, foreign domestic worker levy concessions, and eldercare subsidies. Some could also choose to **realise the value of the property they own**, through renting it out, or making use of the enhanced Lease Buyback Scheme or the Silver Housing Bonus. This is on top of the **support from children which many receive**.

### **Community Networks for Seniors**

- C.51. Let me now turn to successful ageing. We care about enabling our seniors to stay active and healthy, to stay meaningfully engaged.

#### **PEACE-Connect**

- C.52. I recently met Mrs Lucy Tan, who is the Cluster Director of PEACE-Connect. PEACE-Connect has been taking care of needy seniors in Kampong Glam for the last 20 years.

Lucy related to me how she has seen the **social and medical needs of the seniors evolve over the years** - they grew ever

more complex, affecting more and more seniors. Lucy and her organisation had to evolve too. She realised PEACE-Connect would have to work with more partners if they wanted to support seniors better. She has been developing partnerships with other organisations, and with the support of her Advisor, Ms Denise Phua, she has integrated these resources well. For instance, she works with Kampong Glam CC to provide subsidised meals daily to some residents in the area, and links seniors up with services that they need at town councils and Social Service Offices.

- C.53. Lucy shows what is possible when we strengthen partnerships. To better support leaders like Lucy, we will **pilot Community Networks for Seniors**. These networks will comprise **local stakeholders**, such as Voluntary Welfare Organisations (VWOs), community volunteers, schools and businesses. **At the core**, the network will have a **small team of full-time officers** who will study the health and social needs of seniors and draw together stakeholders to provide coordinated support.
- C.54. We hope to help seniors discover health conditions earlier and manage them well, while **connecting those who are healthy and mobile to a wide range of activities** to encourage seniors to stay active, healthy and engaged in the community.
- C.55. Under this pilot, our **Pioneer Generation Ambassadors** will, through their outreach, encourage seniors to stay active and connect them to relevant support.
- C.56. There will be a **group of seniors who may require more help**, such as frail elderly living alone, who have limited family support.

These networks will provide more **targeted and coordinated health and social support** for them.

C.57. By integrating the resources and efforts of government agencies, VWOs and local volunteers, these networks can make a big difference to support seniors to stay active and engaged. It will also be a **new way of service delivery**, and a meaningful way to realise the Action Plan for Successful Ageing launched last year. We will **pilot these Community Networks for Seniors in a few areas**. If successful, this pilot can be scaled up later.

## Other Measures Affecting Households

C.58. I have spoken about our care measures for the young, low-wage workers and those with disabilities, and seniors. We will also provide some additional support to households in general.

### **Increase in Public Assistance<sup>34</sup> and Singapore Allowance**

C.59. Those who are permanently unable to work, and have little or no means of income and family support, currently receive **free or highly subsidised social services and free medical treatment** in polyclinics and public hospitals.

C.60. In addition, they receive a **basic monthly cash allowance through the Public Assistance scheme**. Additional amounts are provided for families with children, and for needs such as medical supplies and household appliances. Public Assistance recipients also often receive assistance in cash, food delivery and

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<sup>34</sup> Also known as Comcare Long-Term Assistance.

other vouchers from community-based agencies and grassroots volunteers.

- C.61. We will **raise the basic monthly cash allowance**. For example, a two-person household, where both are on public assistance, will now receive an additional \$80 a month, bringing the amount of cash assistance per month to \$870. The Minister for Social and Family Development will announce more details at COS.
- C.62. To help government pensioners who draw lower pensions, the Government will **increase the Singapore Allowance and monthly pension ceiling** by \$20 per month each – to \$300 and \$1,230 respectively. This will benefit about 10,000 pensioners.

#### **One-off GST Voucher – Cash Special Payment**

- C.63. To support households amid current economic conditions, we will provide a **one-off GST Voucher – Cash Special Payment of up to \$200** for eligible GST Voucher – Cash recipients. In total, **eligible households can receive up to \$500 in GSTV – Cash in 2016**. (See [Table 4](#).) If our recipients spend some of these in our neighbourhood shops, it will support our local businesses as well!
- C.64. The one-off GSTV – Cash special payment will cost an additional \$280 million in 2016 and benefit 1.4 million Singaporeans. (Refer to Annex B-4.)

Table 4: GSTV – Cash in 2016

Assessable Income for YA 2015	Annual Value of Home as at 31 Dec 2015	
	Up to \$13,000	\$13,001 to \$21,000
\$26,000 or less		
Aged 21 years and above	\$300 + \$200 GSTV – Cash Special Payment  Total in 2016 : <b>\$500</b>	\$150 + \$100 GSTV – Cash Special Payment  Total in 2016 : <b>\$250</b>

*Note: Recipients should not own more than one property.*

### **Service & Conservancy Charges Rebate**

C.65. We will also provide one to three months of Service & Conservancy Charges (S&CC) rebate. 1- and 2-room HDB households will receive a total of three months of rebates for this year, while 3- and 4-room households will receive two months of rebates. (See Table 5.)

C.66. This will cost the Government \$86 million and benefit about 840,000 HDB households. (Refer to Annex B-4.)

Table 5: FY2016 S&CC Rebate

HDB Flat Type	S&CC Rebate (No. of months offset)
1- and 2-room	3
3- and 4-room	2
5-Room	1.5
Executive / Multi-Generation	1

## **Personal Income Tax Relief Cap**

- C.67. We will also make a tax change. We currently have 15 personal income tax reliefs. We have enhanced many of these over the years. Each tax relief serves a worthy objective, such as to supplement retirement savings, encourage mothers to work after having children, or take up a course.
- C.68. However, taken together, the tax reliefs may unduly reduce total taxable incomes, for a small proportion of individuals.
- C.69. I will introduce a **cap on the total amount of personal income tax relief** an individual can claim, at \$80,000 per Year of Assessment. At this threshold, 99% of tax-resident individuals will not be affected. Many can still continue to enjoy reliefs. For instance, among those currently claiming the Working Mother's Child Relief, 9 out of 10 are expected to continue to claim it fully, without being affected by this cap.
- C.70. This cap will make our personal income tax system more progressive. Nevertheless, **our personal income tax burden remains low**. Our personal income tax structure must allow us to continue to stay competitive.
- C.71. The personal income tax relief cap will take effect from YA 2018 and is expected to raise an additional \$100 million a year.

## **Building a Caring Society**

- C.72. Let me now speak of what we will do to bring Singaporeans together to build a caring society.
- C.73. Today, our schools have meaningful values-in-action programmes for our students to help others. At work, businesses

are well placed to run impactful programmes. We should give a **boost to Corporate Social Responsibility** and **make it easier for employees to contribute through their workplaces**. This Budget will support the National Volunteer and Philanthropy Centre's efforts to promote and build capacity for giving among corporates.

### **Samsui Supplies and Service**

C.74. I have seen some inspiring examples. For instance, Samsui Supplies and Service, a food retailer, uses their kitchen facilities to prepare 2000 free meals a day for the needy.

We must encourage more businesses to step forward.

C.75. This Budget will also **catalyse more ground-up initiatives**, to better tap on the creativity and energy of Singaporeans, many of whom want to give back. Such citizen-initiated efforts can drive community-based and neighbourhood-based initiatives. Let me speak about these.

### **Business and IPC Partnership Scheme**

C.76. Currently, we allow for 250% tax deduction for donations of cash, and qualifying in-kind donations such as land and computers, to certain Institutions of a Public Character (or IPCs). This has seen good results, with cash donations rising each year.

C.77. Many employees also want to volunteer and we hope businesses will support them. To do so, I will introduce a **pilot Business and IPC Partnership Scheme**. From 1 July 2016 till the end of 2018, businesses that organise their employees to volunteer and provide services to IPCs, including secondments, will receive a

**250% tax deduction on associated cost** incurred, subject to the receiving IPC's agreement. This deduction will be subject to a **yearly cap of \$250,000 per business and \$50,000 per IPC.**

### **Supporting Community Chest Giving**

C.78. Community Chest (ComChest) plays a critical role in raising funds for about 80 VWOs across the entire social sector, including the Family Service Centres and special education schools. ComChest's monthly donation programme, SHARE, enables it to receive regular donations, through payroll deductions or GIRO. Some businesses have been active in supporting SHARE.

C.79. To give a boost to ComChest's good work, I will provide **dollar-for-dollar** matching for any **additional donations through SHARE, over and above the FY2015 level.** We will do this for **three years, starting from April this year.** Where businesses encourage their staff to donate regularly, we will allow part of the matching funds to be used by them to organise Corporate Social Responsibility activities. The Minister for Social and Family Development will elaborate at COS.

### **Our Singapore Fund**

C.80. For SG50, we started the SG50 Celebration Fund. We had a very good response, and supported close to 400 projects initiated by Singaporeans from different walks of life, to celebrate our Jubilee year, and to build a sense of community.

#### **Ms Seema and Ms Harsha Dadlani**

C.81. These are Ms Seema and Harsha Dadlani, two Singaporean

sisters who are passionate about writing and helping children learn. With support from the SG50 Celebration Fund, they wrote and published six children's books about Singapore, which were very well received.

**Mr Dennis Quek and Mr Wilson Ang**

C.82. Also, I recently met Mr Dennis Quek and Mr Wilson Ang.

They organised a project to take 100 wheelchair users on a tour of Pulau Ubin, getting help from over 600 people to do so – including help from the Singapore Navy to ferry the participants on navy vessels. When I met them recently, I asked them why they did what they did. They told me they just wanted to share the parts of Singapore they love with fellow Singaporeans who may not be able to have the same experiences they do. When I told them it was kind of them to do so, they said they got a lot more out of the project than they put into it - in terms of learning, new friendships, appreciation for what can be achieved when many people come together for a common cause. They were amazed at how many people came forward, to realise the power of partnership.

C.83. To support passionate citizens like Seema, Harsha, Dennis and Wilson, and many others like them who created a whole array of meaningful SG50 projects, we will set up a new fund, called **Our Singapore Fund**. It is Our Singapore Fund because it is about how we all can come together in partnership to share our strengths, share our loves, create something more and better together, to build our Singapore together. The Fund will support projects that build the spirit of caring and resilience, nurture our

can-do spirit, and promote unity and our sense of being Singaporean.

- C.84. The total fund size will be **up to \$25 million** and it will be set up by the **second half of 2016**. The Minister for Culture, Community, and Youth will elaborate at COS.
- C.85. I hope that these three measures will catalyse efforts for a kinder and more caring society. The details of these measures are in the Annex. (Refer to Annex B-5.)

**Ms Norashidah binte Mohd Yassin**

- C.86. I would like to share a story which shows how working together can make a big difference. This is Ms Norashidah binte Mohd Yassin, who is 39 years old this year. Three years ago, she was staying in interim rental housing with her two young children, without family support or income.
- C.87. With the support of her MP, Dr Maliki Osman, who coordinated the help from a welfare organisation, PAVE, grassroots volunteers and various Government agencies, she gradually got back on her feet. She first took on ironing of clothes for her neighbours, then baking, after getting a baking certificate. She later got a job as an administrative assistant and was soon promoted. Today, her children are well adjusted, and she is waiting for her flat.
- C.88. Her story is inspiring not just because of her remarkable progress, but also because she is now reaching out to help others who are in the same situation that she used to be in, counselling them and teaching them baking skills.

C.89. This is the **spirit of the society** that we are building. It is one where we rise above our circumstances, to build a better life for ourselves and our children. It is a society that cares for those in need, and where those who are helped do their part to help others. It is a society that we are all proud to be a part of.

## D. Budget Position

D.1. Madam Speaker, let me now summarise our budget position.

### FY 2015 Fiscal Position

D.2. For **FY2015**, our Budget is expected to record a **deficit** of \$4.9 billion (1.2% of GDP). This is lower than the deficit of \$6.7 billion (1.7% of GDP) we had budgeted a year ago.

### FY 2016 Fiscal Position

D.3. In FY2016, total spending is expected to be \$5.0 billion (7.3%) higher than in FY2015.

D.4. **As we spend more, we must also spend right –**

- a. To both:
  - i. Provide immediate relief to businesses,
  - ii. And support longer term economic transformation;
- b. To both:
  - i. Provide targeted support to those in need,
  - ii. And invest in developing our people.

D.5. **The rise in expenditure in FY2016 is supported by increases in both Operating Revenue and higher Net Investment Returns (NIR) Contributions.** We are benefitting from an increase in operating revenue this year due to one-off factors which we do not expect to be sustained<sup>35</sup>. In addition, this year,

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<sup>35</sup> The key increases in Operating Revenue for FY16 are vehicle-related revenues and Statutory Boards' Contributions. Vehicle-related revenues are expected to decline after the next 1-2 years when

Temasek will be added onto our NIR framework and this will be a source of revenue for the long term.

- D.6. As earlier mentioned, the **longer term picture will grow more challenging** as we expect expenditure needs to grow faster than revenues. Even as we plan for rising expenditures, we must spend only *when* it is needed and *where* it best achieves our social and economic objectives. We will review the major expenditure items we expect ahead, to ensure efficiency and effectiveness.
- D.7. We expect an **overall budget surplus of \$3.4 billion (0.8% of GDP) in this first year of the term.** This position seeks to strike a balance between being prudent given the continued rise in expenditures we expect in the years ahead, and being accommodating to support enterprises in the current economic climate even as we continue our restructuring efforts. Should economic conditions turn, we stand ready to adjust and respond.

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registration numbers are expected to start declining. This year's increase in Statutory Boards' Contributions is mainly from MAS.

## E. Conclusion

- E.1. Madam Speaker, let me conclude.
- E.2. I started today by recalling the first Budget of the independent Republic of Singapore.
- a. Eight days after that first Budget was presented, our founding Prime Minister Lee Kuan Yew said that we must keep Singapore here a thousand years from now. And he said, “That is your job and mine.”
  - b. A thousand years from now. Singapore was only 135 *days* old when he said that. But he had that faith.
  - c. And more importantly, an indomitable will: For it is your job and mine, he said, to make sure we survive. If Singapore is to have a future, we have to work hard at it – together.
- E.3. It is poignant to recall these words one year and one day after Mr Lee’s passing. He attended almost every Budget Day since 1959. Each of us has only so many years on this earth to do our best for one another and for our country. How do we make these years count? Together, we can make our time count. We can dream, plan, and build for a thousand years. We must try.
- E.4. Budget 2016 is the first step of the next lap in what we hope will be a long, successful journey.
- a. For our economy, we will tackle immediate pressures head-on. We will also set our sights on the long term, position ourselves to stand out.
  - b. We will transform our economy through the Industry Transformation Programme, emphasising enterprise and

innovation. This marks a new phase in our economic restructuring. Through targeted efforts and close partnerships, we must drive scale and create value. We will build resilience in workers, enterprises and industries so they can weather changes and emerge stronger.

- c. The Committee on the Future Economy will dive deep into what we must do to get our economy ready for the future.
- d. And we will build a caring and resilient society. Silver Support is a major new step to help seniors with lesser means. The Community Networks for Seniors will forge a new way to care for our seniors. First Step, KidSTART, the Fresh Start Programme, OBS@Coney – these are our investment in our young.
- e. We will find new ways of encouraging people and companies to come forward to help the vulnerable. We will find new ways of collaboration and social innovation. We will not leave any Singaporean behind.

E.5. Just like our pioneers had no textbooks to show them how Singapore could thrive in its first 50 years, we have no instruction manual for our future. What we have are our shared values, our common vision, a sense of duty, and the conviction that we are one people.

- a. Together, we must harness the creativity and energy of every one of us to transform our economy and strengthen our society.

- b. Together, we must be prepared to change. We can't always know the future, and we won't always have ready answers. But we must have the imagination to forge new paths, the courage to try new ways, and the tenacity to persevere if we don't succeed on the first try.
  - c. As long as we stand by our values, keep faith with one another, think long-term, dare to try and be open to change, we will move in the right direction.
- E.6. When the new Cabinet was sworn in last year, the Prime Minister said, "The Singapore Story belongs to all of us. If we have faith that Singapore will endure and thrive, and put our heart and soul into building Singapore, then we will prevail, and secure our place in history."
- E.7. That is your duty and mine. The Singapore Story belongs to all of us. There are many chapters yet to be written in that story. Let us put our heart and soul to write our story – together, in partnership.
- E.8. Madam Speaker, I beg to move.