

4G ministers a team of serious-minded people: Heng Swee Keat **Ahead of Budget 2018, the Finance Minister says Singaporeans should not just be fixated on taxes**

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SINGAPORE: Singapore's fourth generation ministers are a team of "serious-minded people" who are working together very well, Finance Minister Heng Swee Keat said on Monday (Jan 22).

He, along with Minister in the Prime Minister's Office Chan Chun Sing and Education Minister (Higher Education and Skills) Ong Ye Kung, has been tipped to succeed Prime Minister Lee Hsien Loong when he steps down.

At a conference organised by the Institute of Policy Studies, the Finance Minister was asked by Mediacorp's Chief Customer Officer Debra Soon, who was the panel moderator, how ready he was to lead the fourth-generation team.

Giving his first remarks on the leadership succession that has been hotly discussed recently, Mr Heng said: "It is a team of serious-minded people who are trying to do their best and I really enjoy working with everyone in the team. And I would say it's not just the 4G team, in fact, it's the entire Cabinet."

"PM sets a very good example and it is a team that is very cohesive. We discuss issues every week across a whole range of subjects - from security to social care, healthcare, to education, to the economy," he added.

"But the one thing which I feel we have to deal with in the coming years is the growing complexity ... in governing Singapore, in having an agreement on what matters to us as a country and the growing complexity in the external environment."

Mr Heng also spoke about the upcoming Budget, which he described as a "strategic plan for Singapore, and not just about taxes, revenue and expenditure".

Details of a much talked about tax hike are expected when the Finance Minister delivers the Budget on Feb 19. Mr Heng said the focus should be on why the revenue is being collected and where the money is being spent.

"Budget is not about giving out goodies per se, it is about how we channel resources for the long-term future of Singapore," he said.

"It is a strategic plan. It is not Santa Claus coming out around Christmas to give everybody something and making everybody feel good. Or coming out to rob somebody, neither am I pretending this is Robin Hood doing great things. Rather, I think this is a fairly serious set of plans for us to think about what is it that we as a country, as a people, want to go together and going forward."

Reserves form bulk of government's revenue source

Mr Heng noted that government spending has more than doubled in the last decade - from S\$33 billion in financial year 2007 to S\$71 billion in FY2016. This has gone into areas like healthcare, security, infrastructure and transport.

Mr Heng said most of the money was from Singapore's reserves. In 2007, the contribution from reserves was 5.6 per cent. This went up to 17.3 per cent in 2016.

"Of all the ways you can cut our revenue sources, it is the single largest category today. More than corporate income tax, more than GST, more than personal income tax," he said.

"To put it another way, if we hadn't had those numbers, if we hadn't used contributions from reserves, what it means is that your personal income tax, GST, corporate income tax could all have doubled and all of which are not terribly great solutions."

Asked about considerations that shape tax policy, Mr Heng said efficiency and equity are important.

"Efficiency as in, is this the best way to collect taxes? Will it create such distortion that it will lead to a misallocation of resources in our country? Will it lead to diminishing of efforts and take away incentive for people to work and so on?"

"The other one is equity - is it fair and equitable. That is an issue that has got more to do with judgment."

He added: "I have to say there are trade-offs between short-run and long-run," he said. "In the short run, it may appear unfair ... but in the longer run, a more efficient tax may be more equitable because your entire pie grows."

Mr Heng also said that he hopes to convince citizens that the Government is doing the right thing for Singapore's future.