

## Corporate Associates Lunch: Budget 2017

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Minister for National Development and Second Minister for Finance Lawrence Wong joined IPS Corporate Associates at a Lunch Dialogue on 23 February 2017 to discuss Budget 2017. The intimate and by-invitation only event was attended by 25 Corporate Associates.

Minister Wong delivered a brief opening statement that shed light on the government's objectives and considerations for Budget 2017. Thereafter, he engaged the group in a candid and robust conversation. The dialogue was chaired by IPS Deputy Director (Research) Dr Gillian Koh.

### A New Way Forward for Singapore



Minister Wong stated: "This Budget is about charting a new way forward for Singapore." The Budget was a fine balancing act for the government. It had to calibrate its initiatives to deal with immediate challenges while seeking to promote long-term growth and it had to push for environmental sustainability while not overly adding to the cost of living and doing business.

Minister Wong stressed that promoting sustainability was not only about conservation, but also a matter of core economic and strategic interest for Singapore.

On the challenges of planning for the future, he observed, “There are uncertainties facing countries around the world, and technology is disrupting businesses and jobs. We cannot rely on the old formulas to grow our economy or progress to our next stage of development.”

Minister Wong then touched on three strategies for the “new way forward” in Budget 2017. Economically, more resources would be invested to implement recommendations from the Committee on the Future Economy (CFE), with special attention paid to encouraging the expansion and internationalisation of startups. Environmentally, Budget 2017 demonstrated Singapore’s commitment to sustainability, with measures to reduce water wastage and greenhouse gas emissions.

On the social front, the Budget proposed more support for families, with increased grants for HDB flat purchases, an expansion of childcare facilities, utilities rebates, and GST support for families, as well as greater support for those with special needs and their caregivers.

### **Question and Answer**

Kicking off the “Q & A” session, Dr Koh invited Minister Wong to share with the group some of the difficult trade-offs that the government had had to confront in formulating Budget 2017. Minister Wong noted that while our economy was still expanding, growth was uneven across different sectors. Some were undergoing a cyclical downturn, while others faced fundamental structural challenges. Hence, the Budget had to be targeted at specific sectors.

Minister Wong acknowledged that there were businesses which were disappointed with the Budget’s lack of a “big silver bullet” to solve all their problems. But he highlighted that most Budgets would pale in comparison to the “Jubilee Budget” in 2015. Singapore’s challenges are increasingly complex, and the government could not responsibly roll out a “Jubilee Budget” every year.

“The Budget has to be calibrated in line with overall macroeconomic conditions – we can’t spend our way into a new growth model,” said Minister Wong.

### **Discussion**

Three main points of concern emerged from the Corporate Associates’ questions to the Minister: the difficulty of raising productivity, the need for the government to find new ways to help companies grow and expand overseas, and the general downbeat outlook among some sectors with no easy solutions in sight.

#### **1. Raising productivity**

On the difficulty of raising productivity, Minister Wong noted that it was a common struggle among developed economies. However, Singapore was taking steps to develop new technological solutions in domestic services and industries such as construction, which still relied heavily on foreign labour.

“The more productive we are in domestic service sectors, the more we can ensure that scarce manpower resources are channeled into new growth areas, which will help create more jobs for Singaporeans,” he said.

#### **2. What can the government provide for companies to grow?**

Two members of the audience shared with Minister their difficulties in obtaining government support for their business expansion, and suggested that the government could take a more creative and liberal approach towards businesses like theirs. One recounted his experience of not having a one-stop government agency to address his proposal to collect Singapore's forest waste and convert it to energy. Given Budget 2017's emphasis on sustainability, he asked further, whether land could be allocated to allow for processing in Singapore.



In response, Minister Wong said that Singapore was committed to play its part in sustainability and ensure a clean environment for our citizens – and this was why coal plants would not be allowed into the country. At the same time, the government had decided not to pick winners within the renewable energy sector, preferring to leave it to market forces. What the state would do was to ensure rigorous regulations and competitive pricing, thereby helping to maintain prices at affordable levels for Singaporeans.

Another guest observed that the government's support for Research and Development (R&D) tended to favour research institutes instead of corporations, which were often the ones that possessed cutting-edge and commercially viable technology. Minister Wong responded by pointing out that funding for R&D in Singapore was indeed shifting towards collaborative efforts involving corporate players as well.

### **3. Taking small steps to achieve bigger goals**

A participant asked whether Singapore had achieved its desired outcomes from previous Budgets, and what results could be expected from Budget 2017 one year hence. Minister Wong said that each year's Budget should not be looked at in isolation as they built upon each other. It was unrealistic to expect overnight results or even rewards within one financial year; some initiatives might only bear fruit from "cumulative effort over a few years."

For instance, the government established the National Research Foundation in 2006 to give our R&D capacity a big push. Now, with Singapore's research output being recognised internationally, the next step was for Singapore to translate intellectual property into enterprise, said Minister Wong.

## Conclusion

Concluding the session, Minister Wong brought the discussion back to the ground. “When I talk to residents in my constituency, they’re not thinking about the Budget or CFE. They’re asking: ‘can my children have a better life?’”

Minister Wong reminded the audience that ours was the fastest growing region in the world, and Singapore was still posting positive growth rates, amidst significant global headwinds.



“We have this unique way of working together in Singapore: companies, businesses, workers, unions all come together to collaborate and solve our challenges together. If we can continue this spirit of collaboration, I’m confident that we can make progress and thrive in this uncertain world,” concluded Minister Wong.

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*If you have comments or feedback, please email [ips.eneews@nus.edu.sg](mailto:ips.eneews@nus.edu.sg)*

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