

DPM Heng fields questions on GST, foreigners and Pofma from public, opposition members at IPS conference

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SINGAPORE — For more than an hour, Deputy Prime Minister Heng Swee Keat on Monday (Jan 20) took on about 20 questions from a packed audience of policy researchers, public servants, students and civil society. He addressed topics spanning immigration, the impending Goods and Services Tax (GST) increases, the new fake-news law as well as the Singapore Together movement.

The question-and-answer session saw Mr Heng responding to three questions from invited opposition party members at the Singapore Perspectives 2020: Politics event, at Marina Bay Sands, which was organised by the Institute of Policy Studies (IPS).

In November last year, Mr Heng had a highly scrutinised parliamentary exchange with Workers' Party (WP) chairman Sylvia Lim on the Aljunied-Hougang Town Council saga. WP members were also invited to the annual conference but decided against attending it.

Here are excerpts of the Q and A:

Dr Paul Tambyah (chairman of the Singapore Democratic Party): My question is about the GST, which is universally seen as a regressive tax. Did your Government consider alternatives to raising revenue, for example, by returning the top corporate tax rate to 20 per cent to what it was before the year of assessment of 2017, or perhaps taxing unearned income, such as estate duty to where it was about 12 years ago?

Mr Heng: It is important for us to consider the tax system as a whole, and not just pick on one or two pieces of it and say which part is progressive and regressive and so on. What we collect in GST has also to be seen against other taxes and also against spending. And in fact, we have deliberately been careful in designing policy so that the tax system benefits those who need help the most.

GST is not just paid by Singaporeans, it is paid by everyone who is here in Singapore... tourists, workers, or expatriates. (The GST) may look regressive but it is not.

The largest source of (government revenue) is not GST, corporate income tax, or personal income tax. It is an element called Net Investment Returns Contribution — it is 50 per cent of the long-term returns of our national reserves. I would like everyone to reflect on this: A country with no oil, no gas, no diamonds, no minerals, in fact nothing, today has a net return that now contributes more than GST, personal income tax, or corporate income tax. Let us bear that in mind and be responsible in how we safeguard this for our future generations, and that is why I keep emphasising the need to think long term.

You ask why we can't increase other taxes. I had considered all possibilities before deciding to raise GST. Look at what happened recently. America reduced its corporate income taxes and globally there is also increasing debate on what is a fair rate of taxes that companies around the world should pay. There is global tax competition going on... So we must be careful that we do not harm our future.

It is easy to say, 'Increase corporate tax or tax on individuals', but many of these (people) are mobile — they move out and Singapore is the one that suffers the unemployment.

Mr Zainul Abidin Rasheed (diplomat): Our founding prime minister, Mr Lee Kuan Yew, has said that the Singapore pledge is an aspiration. While we all continue to work hard to make it a reality, not just a reality but a sustainable one, what are the challenges? Are we managing differences well?

Mr Heng: You are pointing to a broader set of issues on whether we have enough diversity of views. Even in this room — this is an IPS crowd — these are people who are very interested in policy. I'm quite certain, if we do a poll, you will have many different viewpoints. The important thing is to make sure we have the same sets of facts and truths that we can base our arguments on, so that we can look at what are our creative ways to solve problems. With Singapore Together, one of the objectives is precisely for this. There are many different ways to achieve various objectives, and which is more effective or sustainable. This is something that we can discuss.

Dr Walid Jumblatt (Nanyang Technological University academic): My question is on the Protection from Online Falsehoods and Manipulation Act (Pofma) and I would like to relate it to your central theme just now on trust between Government and citizens. Moving forward, under your leadership, would we continue to see harsh laws such as Pofma as the antidote to problems? Don't you think such laws only widen the gap between citizens and the Government, especially in the way it is used today, only exclusively on members of the opposition?

Mr Heng: (Pofma) is not about stopping people from having different points of view. As the term says, it is about falsehoods, if you make a false statement that somehow affects the national interest. I believe everyone is entitled to different opinions, but not to their own facts. Without proper facts, people cannot make the right decisions. You see that in many instances.

Recently the Nobel laureate Joseph Stiglitz had an article in New York Times talking about the marketplace of ideas, which works if you have proper facts. If you are buying a cough syrup and there is false information on that... To protect the public interest, you need to ensure that what you put out is true, that the person is not lying to you to encourage you to buy something.

Professor Stiglitz went on to say that when you have an issue like this, whether it is food or drugs, insist on having the right facts. For political discourse, when you are making decisions for the political future of the country, all the more we need to make sure opinions and facts which are put out are accurate and not false and misleading. We see this all over the world, how people are seeking to exploit, even fabricate facts. In Brexit, for instance, how much the United Kingdom was giving to the European Union was grossly exaggerated... These are major decisions affecting a country's future, how can they be based on falsehoods? Pofma is to tackle this rising issue of fake news and false facts.

Mr Goh Meng Seng (secretary-general of the People's Power Party): You talked about divisive forces and national identity. If you go back to our founding years, we also faced divisive forces... My question is that this divisive force is coming back again, if you look at 2007 to 2019, we are giving out about 20,000 new citizenships, especially (to people from) mainland China, Malaysia, India and the Philippines. When geopolitics changes, with the rise of Chinese dominance in the region, where will (the new citizens) stand when we have to make a difficult decision in geopolitics? You may give citizenship to (Chinese nationals)... but their allegiances will not change overnight.

Mr Heng: (This issue) can be (a divisive force) if we exploit it and start casting doubts on the loyalties of new citizens. One in three marriages today involve a Singaporean and a citizen of another country. People who have become Singapore citizens... have become citizens by conviction. They left their countries and decided that Singapore is a better place for them and their children to live.

I must say that I am very troubled that so many people are seeking to exploit these differences. And instead of making an effort to integrate them, they have made this into an issue, that (the Government is) not taking care of Singaporeans and Singaporean interests. Many business leaders here ... have told me how hard it is to grow their companies in Singapore, because our criteria for bringing in foreigners... are tighter. Letting the foreigners in our midst adds to our strength.

In this age of global uncertainty and disruption, one important way for Singaporeans to excel is to make sure we grow up in a multiracial, multireligious, multilingual society, and that ought to give us a high degree of cultural sensitivity. I met a group of young students the other day and a few of them have foreign students in their class, and they told me about their learnings from other countries... I felt very cheered by that — I think when they grow up, they will be in a good position to interact with Asean (the Association of Southeast Asian Nations) and the rest of the world, and that is the Singaporean advantage... Especially in a world where people are turning inwards, less willing to co-operate, Singaporeans can extend a hand and be bridge-builders in a more fragmented world.

The key point is that whatever we do, it must be to take care of Singaporeans. But if we take a nativist approach and say 'Let's keep out the world, trade, and other people', then I think eventually, Singapore will wither.

Mr Janadas Devan (IPS director and moderator): I'm surprised — there are only 28 days until you announce the Budget (on Feb 18) and the question has not come up — so I will ask. Is it going to be a GE (General Election) Budget?

Mr Heng: Well, whether it is going to be a GE Budget surely depends on when the GE is called, right? Because the prime minister can call for a GE latest by April 2021 so there is still another Budget potentially in 2021.

But jokes aside, what is important to consider is to think of our Budget not as a goodie bag that people look forward to. Over the weekend, I was at some grassroot event, it was a Chinese New Year event and there was a big "god of fortune" figure there. Some residents said that the real "god of fortune" is (in their midst) and that I will be giving hongbao (at the Budget). But this god of fortune is quite a skinny one.

The Budget is really a financial plan that supports a strategic plan for Singapore's future. We have to think of ways that the resources of our country are put to the best use for the long term, and not as a short-term giveaway... But in other areas, for groups that need support, then I think we need to consider specific measures that may be helpful. For example, if it is a short-term problem, like today with the trade war going on and the global economy is not doing well, we need to think of what short-term measures to take. We also need longer-term measures to look at segments of the population under stress.