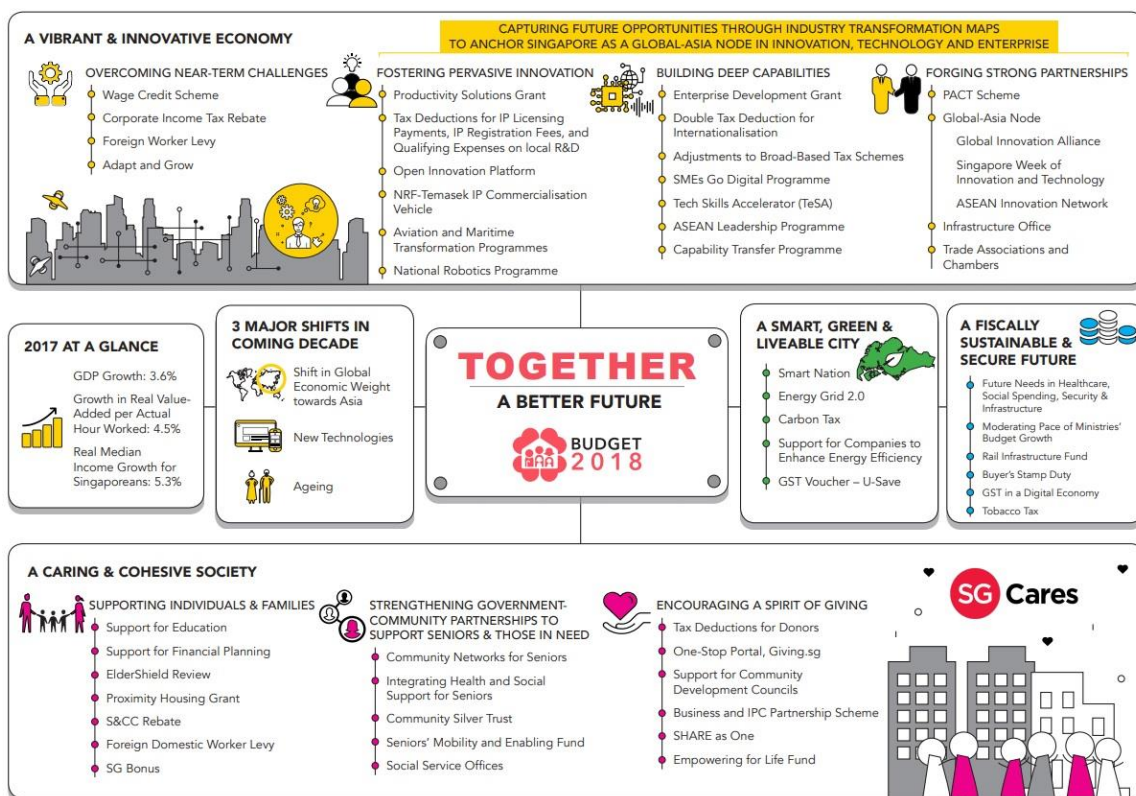


IPS Corporate Associates' Breakfast Dialogue with Indranee Rajah on Budget 2018

By Fern Yu
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IN the coming decade, three major shifts will affect Singapore: first, a shift in global economic weight towards Asia; second, the emergence of new technologies changing the way we live, work and play; and third, the challenges of an ageing society.

How can Singapore, particularly our businesses, prepare ourselves to tackle these challenges? The Institute of Policy Studies (IPS) held a Breakfast Dialogue with Ms Indranee Rajah, Senior Minister of State for Law and Finance, on 22 February 2018, to discuss Budget 2018.



Budget 2018 at a glance ([Photo credit](#)).

Delivered by Minister for Finance Heng Swee Keat on 19 February 2018, Budget 2018 had a clear message of planning for the long term, said IPS Senior Research Fellow Christopher Gee, who chaired the dialogue.

Building a Vibrant and Innovative Economy

Ms Indranee's opening remarks focused on the Industry Transformation Maps (ITMs)—roadmaps for 23 different industries in Singapore to address their specific issues, first announced in [Budget 2016](#)—and the three key enablers that form the basis of the ITMs: innovation, deep capabilities, and strong partnerships.

ITMs cannot be led by the government alone, said Ms Indranee. While the government has the convening power to bring together different groups, ITMs should be driven by private sector players, including the Trade Associations and Chambers (TACs). The next phase of the ITM journey will involve a more “cluster-based approach”, to reap synergies and strengthen linkages between industries.

With regard to strengthening innovation, capabilities and partnerships, Ms Indranee highlighted several initiatives, including the Productivity Solutions Grant (PSG) to streamline grants that support the adoption of productivity equipment and IT solutions, the Tech Skills Accelerator (TeSA) to train Singaporeans in digital skills, and the PACT scheme to support companies of all sizes to forge strong partnerships with each other to capture opportunities they would otherwise not be able to capture on their own.

“With ITMs that are sector-focused and deeper partnerships among stakeholders in each industry, businesses will be able to respond better to emerging trends and capitalise on the opportunities arising from the synergies between sectors,” concluded Ms Indranee.

Question-and-Answer session

Two broad areas of interest emerged from the Corporate Associates' questions to Ms Indranee: (I) the government's approach towards driving innovation, productivity, and collaborations among local and international businesses; and (II) manpower issues in relation to the ageing population.

(I) Government's approach towards driving collaborations, innovations and productivity

Promoting platforms for collaboration in the private sector to drive partnerships

In Budget 2018, Minister Heng announced the establishment of an Infrastructure Office to forge partnerships in infrastructure development in Asia, and the Open Innovation Platform (a virtual crowd-sourcing platform that matches companies with challenges that can be addressed by digital solutions, with relevant partners to co-develop these solutions).

Explaining the rationale behind establishing the Infrastructure Office, Ms Indranee noted that the government had noticed that there are many infrastructure projects in the region that require financing but remain unfunded despite there being no lack of available funds. The

main reason for this is the lack of bankability, which can be attributed to lack of proper project structuring. To help address these challenges, the Infrastructure Office will bring together local and international firms providing services across the infrastructure development value chain (including legal, advisory and technical), and offer one-stop solutions for project proposers and would-be financiers.

As for the Open Innovation Platform: “The main thing we would like to get out of this is to have different companies and different groups working with each other, feeding off each other’s ideas, and connecting problems with solutions.” The Platform would serve to profile and match businesses facing problems with those who have solutions to offer.

Productivity and Innovation: no pain no gain

On the issue of productivity and innovation, a participant asked why the various incentives to boost productivity growth had not done very well. Ms Indranee said that productivity growth in 2017 had been better than in previous years. The Productivity and Innovation Credit (PIC) was a good first step in getting people on the “productivity bandwagon”, but there was a risk of businesses becoming too reliant on it.

There are no pain-free quick fixes. Ms Indranee said candidly that “If we cut off funding for instance, people will be immediately forced to find new ways to be productive. It would be effective, but would also cause a high degree of pain. In the way of Singapore, we try to make the path smoother for people.” While the PIC has ended, the government continues to support companies to improve productivity, through more targeted schemes like the Productivity Solutions Grant.

Another participant brought up education, noting that it is a pre-requisite for achieving innovation and productivity; the participant asserted that Singapore would benefit from having more students trained in the liberal arts rather than hard sciences. In response, Ms Indranee, who was Senior Minister of State for Education (2012—2015), said that it is actually the combination of both disciplines that is necessary. Citing the iPhone as an example, Ms Indranee said that it was a successful product because it combined innovative technology with aesthetic design. Indeed, schools need to bring together students from the sciences and the arts, and encourage them to work together to solve complex problems that require a creative combination of their skills.

(II) Manpower and the ageing population

Referring to the announced hike in Goods and Services Tax (GST), which will only be implemented in a few years’ time, a participant asked if such an approach would be taken with other policies such as in manpower, so as to give businesses time to plan ahead. Ms Indranee agreed that it was important for businesses to have more time to make plans, but also stressed that the nature of labour policy was that it had to be responsive to current market conditions. Announcing policy intent too far ahead may result in irrelevant policies if circumstances change by the time the policy takes effect.

Another question returned to the broad role of the TACs in driving ITMs. While TACs' play a key role in industry transformation, they also have varying levels of ability. Ms Indranee observed that there is room to explore how to develop the capabilities of TACs and their staff.



Senior Minister of State for Law and Finance Ms Indranee Rajah (left) and IPS Senior Research Fellow Mr Christopher Gee at the lunch dialogue on 22 February 2018.

One participant asked about the ageing population. While there is a lot of negativity towards the challenges it poses, they should really be couched in more positive terms. Instead of warning of the “silver tsunami”, we could think of the “silver market” that the elderly with their significant savings could offer, and the elderly should be seen as “senior talent” with much to offer.

In response, Ms Indranee said that it was important for seniors to stay meaningfully engaged as this was good for their physical and mental well-being. One way to do this was to enable seniors to stay in the workforce if they so wish; to this end, the government has raised the re-employment age and introduced schemes to encourage employers to take on older workers. There are also measures like the Adapt and Grow initiative that help workers to upskill and adapt to changing employment requirements. As an example of how companies can enable their older workers to continue contributing, Ms Indranee observed that in some banks, bank tellers, whose jobs have been at risk due to digitalisation, are still actively contributing through their understanding of customer behaviour, which is helpful for developers designing online banking platforms.

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