

Speech by Minister Grace Fu at the IPS Forum

Good afternoon. It is my pleasure to join all of you here today. The title for today's forum is "Vision 2050: Life and family in Singapore". This topic is very timely in light of the recent discussions raised in the ongoing National Conversation that has been widely reported in the media. IPS's contribution over the weekend of SingaStore.com, SingaGives.gov and Wikicity.sg provides interesting framing for related discussion. Well, how would we know what comes in 2050, you may ask? The value of looking far ahead is so that we start to envision the future we want for ourselves, today. What are our dreams for ourselves, and our future generations? How can we collectively work together to make that dream, a reality that offers a better future in Singapore – one that creates opportunities for our people, nurtures our people to their fullest potential, and where our children will live better lives than us, as we did our parents?

I think Singapore must be home for us and our children and the generations after that. It must be a place where we want to forge our paths together, and see a future worthy of us working towards. Our people must be confident, standards of living high, and our economy must be one about opportunities and potential.

Singaporeans have high expectations, and rightly so, when it comes to the type of jobs they want. Many of the feedback we have received include having diverse job opportunities, purposeful jobs that give a sense of pride and jobs that offer good work-life balance.

I am sure many of you here have similarly high aspirations, especially those who are completing your studies and will soon be entering the workforce. Most of our Gen Y's and beyond are more highly educated and hope to obtain that ideal job which is meaningful and offers an attractive salary.

Singaporeans are better educated, with aspirations for higher skilled jobs. The number of PMET jobs is projected to rise by 53% from now till 2030, while the number of non-PMET jobs will decline by about 20%. Let's pause and consider the changes that will take place over the next 2 decades. Our industry structure will have to restructure and move up the value-chain, and PMET jobs will make up an increasing proportion of total jobs in Singapore. How do we continue to be an attractive place to do business as we move up the value chain? How do we remain relevant and competitive in the world as a place with good growth prospects and opportunities? As we move towards higher-end services and manufacturing, how do we ensure that our blue-collar workers up-skill and continue to have meaningful jobs?

We will need to continue to capture growth opportunities as they come, to create employment and higher wages for Singaporeans. Over the last two decades, real wage growth was stronger in years of higher growth.

As growth picked up over the last 5 years, real wage growth improved significantly for Singaporean workers in the 20th and 50th percentiles, as compared to the first half of last decade. The real income of Singaporean workers at the 20th percentile grew by 11.5 percent from 2006 to 2011 compared to an 8.8 percent decline from 2001 to 2006. Not surprising, as this segment suffered from relatively high unemployment rate during those years. Similarly, the median real income of Singaporean workers grew by 13.2 percent in 2006 to 2011, compared to a 4.5 percent decline in 2001 to 2006. The two recessions¹ in the first half of last decade affected the lower

wage workers more seriously.

During years of good economic growth, jobs are created. Singaporeans have little difficulty getting a job. Unemployment rate is low. An economy that has slow growth, or stagnating, on the other hand, will see the number and diversity of jobs fall. Singaporeans will find it difficult to get a job, or the job that they want. Investments may go to other countries or cities where market size is bigger, population growth is stronger, and population age is younger and more creative. The lower-skilled Singaporeans, who are generally less globally mobile, will be affected more when growth slows. This is also the group that has fewer options and will face added financial difficulties if they are job-less. So we need good quality growth, in order for all segments of Singapore to have good jobs, and enjoy good real wage growth.

Quality growth remains important for Singapore, and the growth helps sustain our social spending. Through Workfare, low-wage Singaporeans are expected to receive more than \$450 million in payouts for work done in 2012. We are also spending more on health care. We are doubling our annual healthcare expenditure from \$4 billion to about \$8 billion over the next five years. The Government has increased subsidies to low income patients to cover community hospital stay. Our healthcare and long-term care expenditure will continue to rise as our population ages and we will need to ensure quality growth to sustain this increase in social spending.

Striving for Quality Growth

Going forward, we expect growth to slow as our economy matures and we no longer enjoy the demographic dividend of the previous decades. While we have historically attained above 5 percent GDP growth over the last few decades, with an average workforce growth of about 3.6 percent each year, we cannot expect similarly high growth going forward. The Economic Strategies Committee has set a growth target of 3 to 5 percent a year over this decade, coming from 1 to 2 percent workforce growth and 2 to 3 percent productivity growth. To maintain our economic vitality, we will need a steep improvement in productivity, complemented by a calibrated inflow of foreign workers.

Quality growth requires collaboration between the Government, businesses and unions to drive productivity improvements, up-skill our workers and encourage more residents to enter and stay in the workforce. A calibrated flow-through of transient foreign workers can also anchor new industries, take up jobs that support our social and economic needs, and forge a diverse workforce that drives dynamism and new ideas.

Singapore as a Global City

In today's globalised world, we have to work towards our strengths as a people who are adaptable and comfortable living in a multi-racial and multi-cultural society that thrives on diversity. It is this diversity, which our forefathers have thrived on as a trading port, that will allow our Singaporeans to thrive in today's workplace where global teams are highly valued for their diverse sets of experiences, backgrounds and perspectives.

Today, I have asked more questions than I have answered about the future of Singapore because the path before us is not a straightforward one. It has many paths, leading to different possible outcomes. The Government wants to engage the populace in the path to choose. The Population

White Paper, which we are now drafting for Parliament's discussion beginning next year, and the National Conversation are important platforms for engagement to take place. You, the audience, represent an important stakeholder group that will and shall shape the future of Singapore. I encourage you to participate actively. And while you ponder and form your views, I would like to remind you to consider the interests of other stakeholder groups who are not represented here. In particular, one, the less skilled Singaporeans who do not have the options as you do, and two, the future generations that will live with the outcome of our decisions today. It is our duty and responsibility to create and leave behind a vibrant, thriving and exciting Singapore, one where all Singaporeans and their children will have a better life and be proud to live, work and play in. I look forward to hearing your views about the future Singapore you hope to see and leave behind. Thank you.

¹ Burst of the global dot-com bubble in 2001 and SARS in 2003-2004.