

Singapore

A. Medium-term economic outlook (forecast, 2019-23 average)

GDP growth (percentage change): 2.7
Current account balance (% of GDP): 19.1

B. Medium-term plan

Period: 2010-20
Theme: High skilled people, innovative economy and distinctive global city

C. Basic data (in 2017)

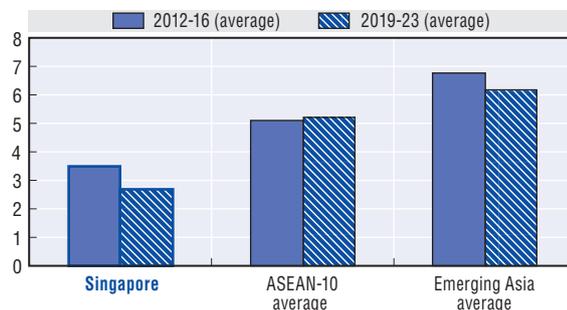
Total population: 5.6 million*
Nominal GDP (US dollar): 323.9 billion**
GDP per capita at PPP: 94 104.7 (current International Dollar)**
Exchange rate in the first half of 2018 (period average): 1.3 (SGD/USD)

Note: * Population data are mid-year government estimates.

** IMF estimate

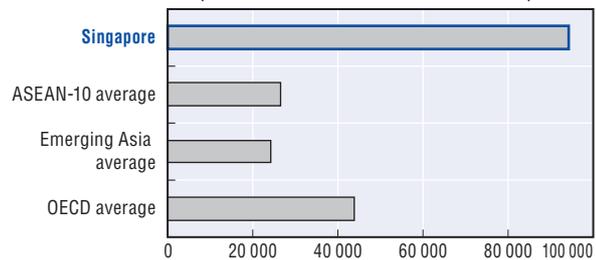
Sources: OECD Development Centre, national sources, CEIC and IMF.

GDP growth rates (percentage change)



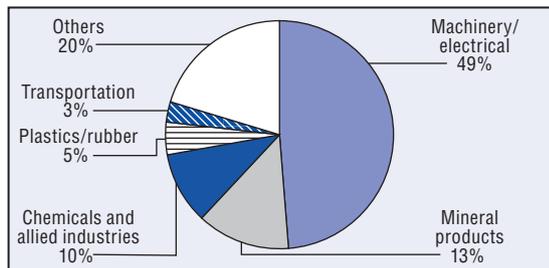
Source: OECD Development Centre, MPF-2019.

GDP per capita, 2017 (PPP, current international dollar)



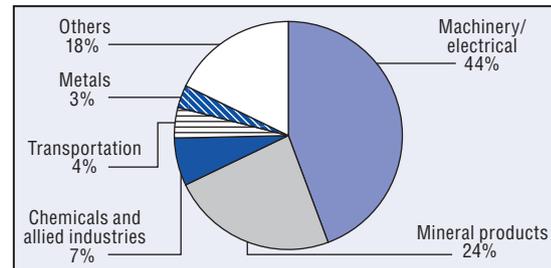
Source: IMF.

Composition of exports, 2017 (percentage of total exports)



Source: Trademap.

Composition of imports, 2017 (percentage of total imports)



Source: Trademap.

Structural policy challenges discussed in previous editions of the Outlook

| | | |
|---------|---------------------------|--|
| 2011/12 | Human capital development | Strengthen life-long learning by enhancing pre-school education |
| | Innovation | Raise the efficiency of innovation policy through well co-ordinated policy evaluation system |
| | SME development | Enhance SME development by improving assistance programmes |
| 2013 | Labour market | Manage foreign worker dependence by increasing the productivity of local workforce |
| | SME development | Sustain SME growth through fostering entrepreneurial environment |
| | Innovation | Enhance the innovation capabilities of local enterprises |
| 2014 | Land use | Optimise land use and allocation by incorporating a green growth strategy |
| | SME development | Raise SME productivity through well co-ordinated assistance programmes |
| | Education | Strengthen lifelong learning to increase labour market flexibility |
| 2016 | Aging population | Strengthen labour market and social policies for aging population |
| | Infrastructure (land use) | Leverage data to build a smart, energy-efficient city |
| 2017 | Population ageing | Support the older population in the labour market and strengthen their social safety net |
| | Urban planning | Pursue efficient urban planning and optimise land use |
| 2018 | Land use | Optimising the use of Singapore's limited land |

Recent developments in policy areas covered by previous editions of the Outlook

Demographic change: strengthening healthcare and social services for seniors

- While the government has taken steps to empower Singaporeans to keep active and healthy as they grow older, efforts have also been made to strengthen Singapore's system of community care services to ensure that seniors with care needs are well supported in the community and at home. In April 2018, the government announced three structural changes to better integrate health and social support services for seniors in the community:
 - Firstly, the Community Networks for Seniors programme – which brings together different stakeholders in the community – voluntary welfare organisations, the People's Association's grassroots organisations, healthcare clusters and government agencies to jointly engage and support our seniors, will be progressively expanded nationwide by 2020.
 - Secondly, the Silver Generation Office has been merged into the Agency for Integrated Care, which co-ordinates the delivery of aged care services and facilitates efforts in care integration. This repositioning reflects the expansion in SGO's mandate beyond outreach, to include the proactive identification of seniors who are in need, in order to connect them to active ageing, befriending and aged care services in the community.
 - Thirdly, all senior-related healthcare and social care services (e.g. active ageing programmes, befriending services and community care services) have been consolidated under the Ministry of Health (MOH). This transfer follows an earlier exercise in 2013, where oversight of social care services for frail seniors were transferred from the Ministry of Social and Family Development to MOH, and will further enable MOH to integrate planning and policy-setting for health and social support services for seniors at the national level, providing seamless support to them so that they can age well in the community.
 - Taken together, these changes will strengthen Singapore's system of community care services for seniors, while enabling the government to plan and develop health and social support services for seniors more holistically.

Land use: forging the optimised districts of the future

- The government has continued to promote Singapore's Smart Nation initiative, strengthening the digital economy and the City in a Garden programme. The Smart Nation initiative aims to harness networks, data and information and communications technology (ICT) to improve living, create economic opportunity and build a closer community. The City in a Garden programme aims to cover over 40% of the island-state with green plants. Beginning with the first Tree Planting Campaign in 1963, Singapore has come a long way in greening up their island city, with 4 nature reserves and more than 350 parks sprawled across Singapore to date and still growing. Together, these will help create a “smart, green and liveable city”. In this way, Singapore provides its citizens with a better quality of life, greater social inclusion, and a competitive environment in which to work. In addition, the Infocomm Media Development Authority, the Jurong Town Corporation, the Singapore Institute of Technology, and the Urban Redevelopment Authority revealed a joint master plan for the Punggol Digital District in January 2018. The district is part of Singapore's plan to build a Smart Nation, where citizens, companies and agencies are empowered by digital technologies and innovations. The construction of the new district was set to begin within the year, with the first few developments due to open by 2023. It will be the country's first enterprise district to feature built-

in digital technology and infrastructure, and will also be an inclusive, green district that will act as an anchor for the north-eastern region of Singapore's. Building up the digital economy, and digital infrastructure in the business district, will create around 28 000 jobs with easy commuting conditions.

Education: making education more inclusive

- In February 2018, Singapore's Finance Ministry of Finance announced a budget increase for education to enhance access to educational opportunities for all Singaporean students through various schemes that focus on three main areas. These schemes will cost the Government close to SGD 200 million (Singapore dollars) a year. Firstly, the Singapore Government increased its annual contributions to Singaporean students' Edusave accounts, which can be used to pay for school enrichment programmes, through the Edusave scheme. The Edusave scheme was introduced in 1993 to support Singaporean students aged from 7 to 16 in both the academic and the non-academic aspects of their education, broadening their opportunities, enriching school activities, and encouraging holistic development. From 2019, annual contribution to the Edusave accounts for primary level students will go up from SGD 200 to SGD 230; for secondary level students, it will go up from SGD 240 to SGD 290. Secondly, the Government revised the income eligibility to increase financial support for more students. The income eligibility criteria to qualify for the Edusave Merit Bursary and the Independent School Bursary were increased so that more students could benefit from these awards. Thirdly, there will be more support for students with lower household incomes. The Education Ministry is increasing the annual bursary for pre-university students on the MOE Financial Assistance Scheme (FAS) from SGD 750 to SGD 900, and is also increasing its subsidies for more meals for secondary school students on the FAS to provide greater support to those from lower-income families.

Small and medium-sized enterprises (SMEs): building up skills and promoting digitalisation

- As per its 2018 budget plans, and in a bid to bolster skills in the SME sector, Singapore's Ministry of Finance has announced the Capability Transfer Programme (CTP), initiated by the Ministry of Manpower. The CTP aims to encourage skills transfers from foreign specialists to Singaporean trainers and trainees, thus improving human-capital development. The administration will seek input from private-sector partners, and will evaluate projects on a case-by-case basis. In this way, it will be able to identify deficiencies compared with international standards, and to size up the potential impact of each individual initiative.
- The Government launched a programme called SMEs Go Digital in 2017, which helps SMEs to build their digital capabilities and obtain pre-approved digital solutions according to industry digital roadmaps. The Government is also working closely with the private sector and business associations like the Singapore Business Federation, on key initiatives such as e-payments and a nationwide e-invoicing framework.
- Moreover, Singapore will keep investing in digital technologies, aiming to develop the digital capabilities of SMEs, as well as the levels of training and digital know-how in the broader population.
- Additionally, Singapore leverages the TechSkills Accelerator (TeSA), an initiative of SkillsFuture, to build and develop a skilled Information and Communications Technology (ICT) workforce for Singapore's digital economy. Started in 2016, TeSA is

driven by the Infocomm Media Development Authority and in collaboration with the industry and its relevant associations, SkillsFuture Singapore, Workforce Singapore and the National Trades Union Congress. Essentially, an integrated approach is taken for skills acquisition and practitioner training, enabling professionals to acquire the relevant in-demand tech skills. Singapore is also expanding TeSA to additional sectors such as manufacturing and professional services.

Supporting research and development (R&D) across the public and private sectors

- The Ministry of Finance's 2018 budget plans contained support for R&D in businesses. The aim is to boost innovation by increasing the tax deduction for intellectual property registration fees from 100% to 200%, and by raising the tax deduction for qualifying expenses incurred on R&D done in Singapore from 150% to 250%. This support should help firms to develop and protect their intangible assets. In the public sector, meanwhile, the Ministry of Finance has allocated about 1% of gross domestic product to public R&D under the Research, Innovation and Enterprise 2020 (RIE2020) plan (2016 to 2020), with the aim of maintaining and growing Singapore's national research capabilities to promote economic competitiveness and support national initiatives. Moreover, the ministry is supporting the launch of a commercialisation vehicle for intellectual property, which is a joint venture between Singapore's National Research Foundation and Temasek Holdings, an investment company. This will connect Temasek's global investment networks with the R&D community in Singapore. The joint venture plans to invest at least SGD 100 million. The government is contributing SGD 50 million, with Temasek investing at least SGD 50 million.

POLICY FOCUS

Enhancing strategies for lifelong learning programmes

The ageing of Singapore's population, and the decline in its fertility rate, present the country with an opportunity to re-allocate the resources into lifelong learning. It is important to make sure that Singapore can maintain educational standards and preserve a rich and varied curriculum. Reallocating resources from surplus capacity in schooling into lifelong learning will boost growth and productivity by developing the country's overall human capital. Underscoring the fast pace of ageing in Singapore, the share of the population that is 65 or over has risen, while the share that is 14 or younger has declined. According to the country's statistics department, Singapore's total fertility rate declined from 1.66 births per female in 1996 to 1.16 per female in 2017. As the younger population has shrunk, school enrolment has been decreasing. Total enrolment declined from 0.56 million in 2007 to 0.47 million in 2016.

As a result of this trend, the Ministry of Education plans to merge seven pairs of primary schools, three pairs of secondary schools and four pairs of junior colleges in 2019. These changes aside, the Ministry of Finance has continued to prioritise the education sector, dedicating 17% of the country's overall budget to education in 2017. Singapore continues to achieve world-beating results in the OECD's PISA rankings, and the adequate

provision of resources plus fresh policy improvements in areas like scholarships and subsidies should help to develop the country's human capital.

As noted above, re-allocating some of the savings from school mergers into lifelong learning has the capacity to improve human development, and thus to boost the economy. For example, even as the so-called fourth industrial revolution creates new jobs with a strong focus on advanced technology, it will also eliminate other jobs, and public policies have a role to play in helping people adapt to the new reality. One key way of doing so is to offer the kind of adult education they need to match their skills with the new job descriptions of the 21st century, such as jobs related to e-commerce, the Internet, and information and computer technology more generally. SkillsFuture is a national movement that can tackle this issue. The primary goal of SkillsFuture is to provide Singaporeans with the opportunities to develop their fullest potential throughout life, regardless of their starting points, by offering a variety of resources to help them attain mastery of skill (SkillsFuture, 2018). There are four key areas of focus under the SkillsFuture that include 1) helping individuals make well-informed choices in education, training and careers; 2) developing an integrated, high-quality system of education and training that responds to constantly evolving industry needs; 3) promoting employer recognition and career development based on skills and mastery; and 4) fostering a culture that supports and celebrates lifelong learning (MOM, 2018). In 2017, hundreds of thousands of Singaporeans have benefited from various SkillsFuture programmes (Table 3.7.1).

Table 3.7.1. Singaporeans benefited from SkillsFuture, 2017

| SkillsFuture programmes | Benefited population |
|--|----------------------|
| SkillsFuture credit | 285 000 |
| SkillsFuture mid-career enhanced subsidy | 120 000 |
| SkillsFuture advice workshops | 4 600 |
| SkillsFuture digital workplace | 4 600 |
| SkillsFuture study awards | 2 400 |
| SkillsFuture series | 2 100 |
| SkillsFuture fellowships | 27 |
| SkillsFuture employer awards | 14 |

Source: SSG/WSG (2018), "SkillsFuture 2017 Year-In-Review", http://www.ssg-wsg.gov.sg/new-and-announcements/1_Feb_2017_2.html.

On 1 February 2018, SkillsFuture Singapore launched the Education [Training and Adult Education (TAE)] Industry Transformation Map (ITM) to help professionalise and strengthen the capabilities of the TAE sector in three key areas – 1) innovation, 2) jobs and skills, and 3) productivity. Unlike the other ITMs which focus on jobs creation within their industry, the TAE ITM focuses on strengthening the TAE sector as a critical enabling infrastructure in supporting other industry transformations and enabling Singaporeans to stay relevant and competitive in the economy.

Technological progress in the form of automatic systems and computer-assisted technologies has already been eliminating jobs in restaurants, supermarkets and retail stores. But the kind of support discussed above can help people overcome the threat of technological unemployment, and to upgrade and reallocate human resources in the economy. For example, the Professional and Adult Continuing Education Academy at Singapore Polytechnic currently has about 1 500 students attending night classes every week. Indeed, polytechnics are gradually adding courses in highly-demanded areas such as data science, business intelligence and cyber security. More specifically, Polytechnics have also started to provide customised training for firms and organisations that want to improve their workers' skills. One example of such customised training has been the

short courses Republic Polytechnic has offered since 2015 on drones. This training has helped both government agencies and firms in the construction business.

The attainment of lifelong learning programme objectives in Singapore still faces key challenges (Tan, 2017). Lifelong learning remains a relatively new concept in Singapore. While most people can agree that lifelong learning can improve skills and performance, there is less consensus in terms of other benefits, such as wage increase, promotion opportunities and deployment flexibility, according to a survey conducted by the WDA in 2011 (OECD, 2013). Fostering a strong cultural preference for lifelong learning and helping participants to see the benefits of engaging in such activity will be key for its success.

Key government ministries in Singapore

| | |
|--|---------------------------------|
| Prime Minister | Lee Hsien Loong |
| Deputy Prime Minister and Coordinating Minister for National Security | Teo Chee Hean |
| Deputy Prime Minister and Coordinating Minister for Economic and Social Policies | Tharman Shanmugaratnam |
| Coordinating Minister for Infrastructure | Khaw Boon Wan |
| Minister in Prime Minister's Office | Ng Chee Meng Indraneel Rajah |
| Communications and Information | S. Iswaran |
| Culture, Community and Youth | Grace Fu |
| Defence | Ng Eng Hen |
| Education | Ong Ye Kung |
| Environment and Water Resources | Masagos Zulkifli |
| Finance | Heng Swee Keat |
| Foreign Affairs | Vivian Balakrishnan |
| Health | Gan Kim Yong |
| Home Affairs | Kasiviswanathan Shanmugam |
| Law | Kasiviswanathan Shanmugam |
| Manpower | Josephine Teo |
| National Development | Lawrence Wong |
| Social and Family Development | Desmond Lee |
| Trade and Industry | Chan Chun Sing |

Note: Valid as of 16 October 2018.

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- SSG/WSG (2018), "SkillsFuture 2017 Year-In-Review", SkillsFuture Singapore and Workforce Singapore, http://www.ssg-wsg.gov.sg/new-and-announcements/1_Feb_2017_2.html.
- Tan, C. (2017), "Lifelong learning through the SkillsFuture movement in Singapore: Challenges and prospects", *International Journal of Lifelong Education*, Vol. 36(3): 278-291, <https://doi.org/10.1080/02601370.2016.1241833>.