

Making S'pore future-ready

CFE report likely to urge continuing economic restructuring efforts to spur new ways to grow

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The countdown has begun to the much-awaited release of the findings of the Committee on the Future Economy (CFE).

The 30-member team, which first met in January last year, will issue its

report within the next two weeks.

It has been looking at how Singapore can stay ahead in the challenging climate of disruption that is turning almost every industry on its head, and amid geopolitical uncertainty that is adding to the woes of a slowing world economy.

Singapore itself has been stuck in a protracted period of slow growth

— the economy has expanded less than 5 per cent every year since 2012 — amid a slew of challenges that include mounting international competition and, at home, issues such as an ageing population and technology changing the nature of jobs.

The question now that many might ask is: How does the CFE

plan to fix this?

However, the reality is that while its report will offer some answers, it would be unwise to hold out for a “blockbuster” solution to the country’s growth challenges.

Instead, the report is likely to urge pushing on with Singapore’s economic restructuring efforts — encouraging companies to innovate, deepening skills and expertise in key growth areas, and looking abroad to new markets.

Mr Liang Eng Hwa, MP for Holland-Bukit Timah GRC and chairman of the Government Parliamentary Committee for Finance and Trade and Industry said: “I believe the CFE report is about the execution plan, essentially a whole-of-system approach to transform the economy and decisively position Singapore to capture the opportunities of the future landscape.”

“By making bold and decisive shifts from value adding to value creating, we open up new economic spaces and grow the economy in a very different way. The point is that we can still be an exciting and vibrant economy even with a 2 to 3 per cent growth trajectory.”

Insight looks at some of the answers that might emerge from the report, to evolve new ways to stay ahead in a challenging climate.

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Next up: CFE report

The Committee on the Future Economy (CFE) was set up in October 2015 to come up with strategies to grow Singapore’s economy in the long run.

It is split into five sub-groups that look at innovation, key industries and markets of growth, jobs and skills, connectivity and city planning.

The 30-member CFE is co-chaired by Finance Minister Heng Swee Keat and Minister for Trade and Industry (Industry) S. Iswaran. Most of its members are from the private sector. Over the course of last year, the committee held over 80 discussions with more than 1,000 students, educators, parents, union members, business leaders and academics.

The CFE members have taken part in over 20 panel discussions, seminars and conferences, at which they reached out to more than 6,000 people.

Its fifth and final meeting was held in December. It is expected to release its recommendations sometime in the next fortnight. The Government will respond in its Budget on Feb 20.



A roadshow promoting a wide range of courses, including baking and financial literacy. To help workers better navigate the changing nature of work, the SkillsFuture movement was rolled out two years ago to drive a culture of lifelong learning. The idea is to keep picking up industry-relevant technical skills and essential generic skills throughout working life. PHOTO: ST FILE

Learning culture ensures workers have the right skills

Lifelong learning habit will help them face ‘disruptions’ that transform workplaces

Joanna Seow

So you are a taxi driver who has lost your rice bowl because of Uber. Or you are an office worker who faces the prospect of your new colleague being a robot.

These are some effects of the so-called “disruption” — where technological developments completely transform traditional work environments — affecting Singaporeans and causing apprehension about the future, especially for the middle-aged and above.

This is even as the country reaps the fruits of decades of far-sighted, tightly managed and prudent economic planning.

Indeed, recent employment figures show the number of layoffs at a seven-year high, amid sluggish economic growth and restructuring. Yet jobs involving shift work, difficult environments or relocating to another country still go begging, or have to be left by foreigners.

It is a mixed message that the Committee on the Future Economy (CFE) will no doubt have been weighing up as it looks at the labour market and what lies ahead.

CHANGING LABOUR FORCE

A major challenge the committee would have had to grapple with is Singapore’s greying workforce, a point Manpower Minister Lim Swee Say has been pressing home.

Lower birth rates and an already high labour force participation rate among residents — at 68 per cent last year for those aged 15 and up — mean the country will see a continuing slowdown of local labour force growth towards negligible levels or even stagnation in the next decade, Mr Lim told Parliament last year.

To help older workers stay on in the workforce, his ministry is raising the re-employment age from 65 to 67 from July this year.

Companies have also been encouraged to improve their productivity by automating processes.

But there are fears of workers being displaced by machines. Technology is taking over routine jobs in factories and offices, and not just low-skilled jobs but even ones traditionally done by degree-holders, such as accounting services.

At the same time, technology is creating new products and jobs, such as 3D-printing for companies to make prototypes quickly rather

than outsourcing this process. The key question is how to ensure workers are ready to take on these jobs.

Minister for Education (Higher Education and Skills) Ong Ye Kung, who co-chairs the CFE sub-committee on future jobs and skills, said at a forum last year that Singapore has to move from being a “control tower” economy with many company headquarters, to a “runway” economy where planes are put together and products and services are sent out into the world.

“You’re no longer just controlling, monitoring and managing things. You need skills that can actually make things happen. Skills that are practical and applied in nature,” he said.

TRAINING AND RETRAINING

To help workers better navigate this changing nature of work, the SkillsFuture movement was rolled out two years ago to drive a culture of lifelong learning. The idea is to keep picking up industry-relevant technical skills and essential generic skills throughout working life.

This should also start before people even look for a job; more is being invested in career guidance, internships and ensuring industry needs are being fed back into education curricula, so that young people are more aware of the jobs available and are equipped with the basic skills they will need.

This was a recommendation also made by the Government Parliamentary Committee (GPC) for Finance, Trade and Industry in a report made public last month. The GPC also suggested a national registry to track educational outcomes as a metric for the quality of training providers.

Industry transformation maps for 23 industries are being launched, setting out sector-specific skills, and professional conver-

sion programmes train workers to take on new roles in over 50 jobs.

Manpower GPC chairman Patrick Tay says he hopes the CFE report will set out ways for the government, unions and employers to work together to ensure plans like the industry transformation maps are followed through.

He also suggests a national programme for “training to better understand and appreciate digitalisation and disruption so as to stay able, agile and adaptable”.

This is something like the Best/Wise programme decades ago to upgrade workers’ numeracy and literacy skills, says Mr Tay, who also heads the National Trades Union Congress’ new Future Jobs, Skills and Training unit.

For all the talk on retraining, it may not be a walk in the park for workers to pick up an entirely new skill and be job-ready in six months. SIM University (UniSIM) labour economist Walter Theaiera says the opportunities may be more in careers related to things they already do, so their skills are transferable.

Ms Wong Su-Yen, chief executive of the Human Capital Leadership Institute at Singapore Management University, says traditional work arrangements could change to accommodate people who take on additional jobs or training to develop experience in a new field.

“We need to recognise the need for people to work while preparing for ‘the next thing’ at the same time,” she says.

FUTURE OPPORTUNITIES

Although economic growth has slowed, Singapore is still creating jobs for the future economy.

Last year’s inbound investment totalled \$9.4 billion and is now expected to result in 20,100 new jobs, the Singapore Economic Development Board said last week.

Growth sectors include IT, telecommunications, healthcare and aviation. Civil engineering and project management will be skills in demand, with Changi Airport Terminals 4 and 5 and new MRT lines under construction.

Advanced manufacturing is expected to create more than 22,000 new jobs, such as for data scientists and robot coordinators, over the next eight years.

There are also some 15,000 informatics and technology vacancies available for positions such as software developers, computer engineers, system designers and analysts, while 3,000 precision engineering jobs are expected to be created by 2020.

Mr Foo See Yang, managing director and country head of recruitment firm Kelly Services Singapore, says contract workers and freelancers can take advantage of companies’ desire for flexibility in an unpredictable economic landscape.

“Workers with exposure to different industries and cross-functional areas may have an edge over those with only a technical background,” he says.

Prime Minister Lee Hsien Loong also said in his National Day Rally speech last year the CFE was working on a strategy to support entrepreneurs in coming up with innovative ideas.

UniSIM’s Dr Theaiera says entrepreneurship will continue to be very important to the economy going forward, but for it to drive growth, “we need the kinds of entrepreneurs who can build scalable businesses to compete at the global level”. Many entrepreneurs are not yet taking advantage of Singapore’s position in the midst of the huge Asian market, he notes.

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Those at the CFE’s fifth and final meeting in December were (from left) Garuda founder and chairman Forrest Li, head of civil service Peter Ong, Boston Consulting Group managing director (Singapore) Mariam Jaafar, Singapore Business Federation chairman Teo Siong Seng, Finance Minister Heng Swee Keat, Minister for Trade and Industry (Industry) S. Iswaran and Singapore National Employers Federation president Robert Yap. PHOTO: HENG SWE KEAT/FACEBOOK



An artist’s impression of Jurong Lake District, which will be Singapore’s second Central Business District. With a scarce supply of land, the Government is looking to develop mixed-use clusters outside the city — some of which may even be pilot towns for self-driving cars. PHOTO: URBAN REDEVELOPMENT AUTHORITY

A liveable home well-connected to the world

How Singapore can rise to the challenge of scarce resources and staying connected.

Charissa Yong

How do you make the most of being a small island with scarce physical resources?

It’s a question that has become part of Singapore’s identity over the past 51 years, and it is taking on a new urgency as space gets even more limited.

But technological developments are opening up new possibilities, both in terms of making the most of physical constraints and in connecting with the world.

Two of the five sub-committees that make up the Committee on the Future Economy (CFE) focus on city planning and connectivity.

They study how Singapore can stay well-connected to the global economy while remaining a liveable home for Singaporeans.

From what Minister for National Development and Future City co-chair Lawrence Wong has said about the discussions, they are working around a few key challenges that will be here to stay — namely, land scarcity, an ageing population and climate change.

The committee is taking advantage of advances in technology to overcome them.

INFRASTRUCTURE

Singapore has two decades to increase its land supply by 5,600ha.

The Government’s Land Use Plan, released in 2013, showed that Singapore will require 76,600ha of land by 2030, up from the supply of 71,000ha in 2010.

This is needed to accommodate a larger population — projected to grow to 6.9 million by that year.

One way to increase the land supply is to build underground.

Talking to reporters in June, Mr Wong said that much more could be done beyond the Jurong Rock Caverns, a liquid hydrocarbon storage facility 150m below ground.

He said: “For instance, the utility or power substations that you see around — a lot of them can go underground. It will cost more, but also free up surface land for development.”

But the authorities do not envision Singapore’s ports and airports going underground.

Land supply for them is set to go down 3 per cent in 2010 to 6 per cent by 2030, as Singapore strives

to stay a connected global city.

The CFE’s website also hinted that it would not be wise for housing to be underground, as it might lead to wealthier people living in sky-rise apartments while the have-nots live underground.

Other ideas being considered by the committee include developing economic clusters outside the city, Mr Wong has said previously.

The Government is gunning for “mixed-use centres where residents live, learn, work and play”, already being developed in Jurong West, Jurong Lake District, Woodlands, Sembawang and Ponggol.

Some may also be pilot towns for self-driving cars — another development likely to come up in the CFE report.

Mr Wong envisioned the real possibility of housing estates with “mover” systems that take residents from their homes to the nearest MRT station in the next 15 to 20 years.

While this is happening, Singapore will also have to grapple with the effects of climate change.

In a piece in The Straits Times last November, the chief executive of Singapore’s national water agency, Mr Ng Joo Hee, said: “It doesn’t just rain a lot in Singapore. We expect that, increasingly, it will come all at once.”

To cope with more intense rainfall, Singapore will have to come up with more innovative drainage systems, in addition to its massive underground storm water tanks.

Other green ideas on the CFE’s website include generating energy from food waste and installing cutting-edge solar panels in more places — even on clothes.

CONNECTIVITY

Singapore has forged much of its success by being an air and sea hub, but it needs to do more to retain its

advantage in these sectors.

It also needs to be connected to the digital economy and financial markets around the world, to drive future growth.

Minister in the Prime Minister’s Office Chan Chun Sing, co-chair of the Future of Connectivity sub-committee, set the tone for its work in a Facebook post last February.

He said: “Connectivity has always been vital for Singapore’s survival. Our aviation, maritime, finance, and trade hubs flourish because of our strong linkages to the rest of the world.”

“Staying connected and strengthening these links will be even more important for Singapore to not just survive, but thrive over the next few decades.”

Members on the committee, including airline heads and those in the airport, port and logistics sectors, discussed how Singapore could continue to remain as an aviation and maritime hubs, he said.

They also tackled how Singapore can be more plugged into the digital economy, which includes cyber security, advanced analytics and e-commerce.

The Government is keen on developing more workers with the skills to take on jobs in these sectors, and has come up with national programmes to train such talent.

The growth of these sectors can spell more business opportunities at home and abroad.

For instance, there was “broad agreement” that Singapore should take advantage of the sharing economy and adapt regulations to facilitate their growth, said Mr Chan.

So far, the authorities have been working on finding the right balance between regulation and innovation. The future is likely to see more of that tightrope-walking.

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Opportunities for growth as companies look beyond home

Expansion overseas likely to be high on an agenda in search of new growth areas.

Some home-grown companies might be content to rest on their laurels once they reach a certain level — expanding regionally or further afield is not for them.

But this mentality is fast becoming obsolete. The mobility of top global talent and speed of technological change means that companies here will have to be plugged in to supply chains around the world or risk being left behind.

That is why overseas growth is expected to be a key focus for the Committee for the Future Economy (CFE) in its findings, due in the next two weeks.

In a November update, the CFE said that strong growth in Asean and India “will create opportunities in consumption and infrastructure spending” for Singapore companies.

“We can also benefit from the growing demand for services in China,” the statement added, noting that the country’s One Belt, One Road initiative “will provide new opportunities for our services and infrastructure providers”.

The Government Parliamentary Committee (GPC) for Finance and Trade and Industry has urged policymakers to “identify companies that have the potential, competitiveness edge and the readiness to expand, internationalise and innovate”, and devise tailor-made schemes to support their international growth.

The aim is to “develop a pool of globally competitive companies that are anchored in Singapore”.

Indeed, the next step would be to make Singapore a strong base from which companies can develop innovative “world-first solutions” and take these products and ideas global, the CFE’s statement said.

Mr Teo Siong Seng, chairman of the Singapore Business Federation, said: “We strongly encourage the Government to work with businesses to create an economy unconstrained by our geographical boundaries.”

“This includes helping our start-ups scale up to serve markets well beyond Singapore, helping them establish international connections so that they can grow and thrive globally.”

At the same time, Singapore should remain open to foreign investments and talent, Mr Teo noted.

“The emphasis is to promote developments that capitalise on our strengths to cultivate new and valuable growth clusters to anchor businesses here while they expand overseas.”

“For example, these new clusters could include a trusted payment hub, ‘Know Your Customers’ hub and food quality certification hub.”

Companies expanding overseas need strong human resource strategies to drive their international business plans, and this is also expected to be a key focus in the coming years.

NEW GROWTH AREAS

Besides overseas growth, the CFE will also be delving into new growth sectors which will help power the Singapore economy over the next five to 10 years.

Earlier strategies — such as picking “winning” sectors to boost economic growth — are far more difficult to execute now, not only because the pace of technological change has picked up significantly but also because of Singapore’s evolution into a mature, high-cost economy.

This means that it has become extremely tough for low-cost, low value-added sectors to survive here.

As a result, attention is now shifting towards niche, highly specialised sectors such as artificial intelligence, robotics and IT.

New developments are also emerging in familiar sectors like manufacturing.

The so-called Fourth Industrial Revolution — also known as Industry 4.0 — is creating new trends in advanced manufacturing and giving rise to “smart factories”, where man and machine work seamless-

ly together in real time.

Mr Liang Eng Hwa, chairman of the GPC for Finance and Trade and Industry and an MP for Holland-Bukit Timah GRC, said: “Beside the digital space, we should continue to build on our strengths in advance manufacturing, healthcare and urban solutions.”

RESEARCH AND INNOVATION

Singapore faces land, labour and resource shortages — which means that raising productivity is essential to long-term growth.

To this end, investing in innovation is essential, and significant investments have been pumped into innovation over the years.

The Government has set aside \$19 billion from 2016 to 2020 for research, innovation and enterprise activities, under the Research, Innovation and Enterprise 2020 Plan launched last January.

In its November update, the CFE noted that Singapore already has many elements of a strong innovation ecosystem in place, “including a critical mass of research scientists and engineers, a thriving start-up scene, strong institutes of higher learning and a growing pool of venture capitalists”.

Boosting Singapore’s research and development capabilities was a key focus of recommendations submitted to the Government by the GPC for Finance and Trade and Industry.

The proposals from the team of nine parliamentarians included suggestions to make use of research and development to help firms become more competitive.

For instance, technology could be transferred from research institutes to promising local enterprises in areas where Singapore has a competitive edge, such as biotech, precision engineering and urban planning.

Mr Liang said that industry transformation maps — plans tailored to the specific needs of certain sectors to help raise productivity — will continue to play a key role.

Mr Teo agreed, saying: “In a value-creating economy that Singapore aspires towards, intellectual property counts more than the traditional factors of land, labour and capital.”

Chia Yan Min

BORDERS ARE NO LIMIT

We strongly encourage the Government to work with businesses to create an economy unconstrained by our geographical boundaries. This includes helping our start-ups scale up to serve markets well beyond Singapore, helping them establish international connections so that they can grow and thrive globally.

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MR TEO SIONG SENG, chairman of the Singapore Business Federation.

The Committee on the Future Economy is releasing its report on how Singapore can stay ahead in a challenging climate this week. Insight takes a look at the key issues and some of the possible responses.