

**SPEECH BY MR S ISWARAN,
MINISTER FOR TRADE AND INDUSTRY (INDUSTRY),
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“Supporting each sector, enterprise and worker in their unique journey of transformation”

INTRODUCTION

1. Mr Chairman, I thank members for their comments and suggestions on our economic transformation.
2. Singapore’s economy grew by 3.6% in real terms last year, higher than the 2.4% growth in 2016. This can be attributed in large part to the global economic recovery. However, our tripartite partners’ transformation efforts have also made a valuable contribution, by enabling our enterprises and workers to benefit from new economic trends.
3. Aggregate data like GDP growth give us a feel for the overall economy and its direction. But they do not tell us the whole story, especially the unevenness of the economic terrain. The pace and success of transformation varies according to the context of a particular sector or enterprise. This variation is due to different capabilities, external demand conditions, and even different levels of aspiration.
4. So our efforts to transform the economy must take cognisance of this diversity of circumstances and needs.
5. And our strategies must also be nimble and adapt with the times. That is why we are making changes to government policies and programmes, and even to the way we are organised. Let me elaborate.

SECTORS FACE DIFFERENT CIRCUMSTANCES

6. As **Mr Henry Kwek** has noted, although our overall economic performance has improved, the outcome varies across sectors.
7. There are several reasons for this.
 - a. First, our sectors face a spectrum of external demand conditions.

Within the manufacturing sector, on the one hand, the electronics cluster saw strong annualised real value-added (VA) growth of 24.4% per annum (p.a.) between 2015 and 2017, boosted by robust demand for semiconductors to be used in smartphones and vehicles. On the other hand, the real VA of the Transport Engineering cluster contracted by 12.2% p.a. over the same period, due to the fall in demand for the marine and offshore segment.

- b. Secondly, we see more success in sectors which are better able to tap on external growth opportunities.

For example, between 2015 and 2017, the real VA of externally-oriented sectors grew by 3.6% p.a. compared to 0.7% p.a. for domestically-oriented sectors.

- c. Third, even among the domestically-oriented sectors, their ability to reduce manpower-intensity and raise productivity has varied. The real VA of retail trade and food services have grown over the past 2 years by 2.7% p.a. and 1.2% p.a. respectively. However, retail trade's growth has been much more productivity-driven, with VA per worker rising at 3.3% p.a., unlike the decline of 1.9% p.a. in food services. Using VA per actual hour worked shows better productivity performance for both sectors, but an even wider gap between the two.

INDUSTRY TRANSFORMATION MAPS (ITMS) CATER TO EACH SECTOR'S CIRCUMSTANCES

8. Given this variation, the Industry Transformation Maps (ITMs) aim to address each sector's particular set of circumstances.

9. For example, the ITMs support our externally-oriented sectors' growth, and aspirations for market leadership are basically channeled through the development of high-value capabilities.

- a. A case in point is the Logistics ITM, led by EDB, which envisages strong growth – a CAGR of 5% between 2015 and 2020 leading to a nominal VA of \$8.3 billion in 2020, and the creation of 2,000 new PMET jobs between 2015 and 2020. To achieve this, the ITM advocates the development of specialised logistics handling capabilities.
- b. If I can illustrate, Tee Hai Chem provides specialised logistics services for chemical and pharmaceutical products. Over the years, it has become a market leader, even supporting MNCs in their overseas operations. SPRINGs programmes have helped the company develop these specialised capabilities, enhance its IT and HR systems, and upgrade its workers' skills. As a result, the company has grown by nearly 13% p.a. between 2012 and 2016, and has created more than 60 good jobs.

10. For other sectors, the focus is more on productivity and becoming less manpower-intensive.

- a. One example is the accommodation sector, which has achieved notable success over the last 2 years. The sector has seen strong real VA growth of 4.2% p.a. and even stronger productivity growth of 5.2% in terms of real VA per actual hour worked.

- b. Recently, STB reported record international visitor arrivals (IVAs) and tourism receipts (TR) for a second straight year in 2017. Our hotels, which are a significant part of the accommodation sector, can continue to benefit from Asia's growing outbound travel only if they can boost productivity and lessen their manpower reliance, while maintaining service quality.
- c. Grand Park City Hall is an example of how this can be done. I recently visited the hotel which has tapped on STB's funding support to adopt manpower-saving technologies. It is also part of a regulatory sandbox with MHA and STB that will pilot the use of facial recognition technologies for a seamless check-in process. Staff can thus be cross-deployed to better meet guests' needs in other areas, and also learn new skills in the process. Altogether, the hotel is targeting a reduction in manning ratio of about 17%, while enabling its employees to do more value-added jobs.

THERE ARE OPPORTUNITIES THAT CUT ACROSS MULTIPLE SECTORS

- 11. We are also working on opportunities that cut across multiple sectors and ITMs.
 - a. For example, the growing demand for infrastructure in ASEAN and developing Asia offers significant opportunities that span several industries, including financial services, professional services, precision engineering and construction.
 - b. Last year, we introduced the **IFS Non-Recourse Financing Scheme**. The aim was to help more SMEs participate in regional infrastructure projects, with risk sharing between the Government and banks for loans that are secured on the project's cash flow rather than the SME's assets. This was based on feedback from the industry and an effort to help our SMEs participate in this larger opportunity.
 - c. The **Infrastructure Office**, which **Mr Low Thia Kiang** and **Er Dr Lee Bee Wah** referred to, is a continuation of this effort. Identifying and structuring infrastructure projects, and finding the right partners to finance and execute them, remains a challenge both in ASEAN and in the larger developing Asia. Hence, the Infrastructure Office aims to:
 - i. Build a deeper understanding of the pipeline of infrastructure projects in the region;
 - ii. Promote collaboration between foreign and local enterprises from the entire infrastructure value chain; and
 - iii. Facilitate the structuring, financing and execution of Asian infrastructure projects.
- 12. The Infrastructure Office will work closely with private sector players, which I think is the point that **Dr Lee Bee Wah** raised, in the infrastructure ecosystem,

supported by Government agencies like Enterprise Singapore, EDB, MAS and the Professional Services Programme Office.

13. In short, the aim is really to bring together the different players in the infrastructure ecosystem that we have in Singapore – from the public sector the private sector, from the large companies to the small companies, those in professional services to those in financial services, and those who can execute projects - so that we can bring our capabilities together to address this opportunity as a group. **Dr Lee Bee Wah** also had some comments on government contracts, and I hope you will file the cut with MND because they will be better placed to answer that point.

PARTNERSHIPS AND COLLABORATIONS ARE INTEGRAL TO THE ITMS

14. So as a whole, the ITMs are inclusive in their design, not quite bespoke in the way that **Mr Henry Kwek** talked about it – but they aim to address the diverse needs of industries and enterprises.

15. There is a limit to how many of the over 200,000 enterprises that Government agencies can directly engage. And that's why, we have stressed the importance of partnerships, with Trade Associations and Chambers, with the Unions, and also with other stakeholders because they can propagate the transformation message, and broaden the reach of the ITMs.

16. While competition is the natural instinct of companies, they can also support one another to succeed in transformation. Currently, EDB and SPRING support collaborations between large organisations and local SMEs through the Partnerships for Capability Transformation (PACT) programmes. And the aim is to allow for knowledge transfer from the bigger companies to the SMEs to support them for capability development targeted at SMEs, and the test-bedding of innovative solutions.

17. On **Mr Low Thia Kiang's** and **Mr Teo Ser Luck's** query, to date, EDB and SPRING have supported about 180 projects, which have resulted in more than 1,000 partnerships. But I think the important point that Mr Low makes is that it is also about how this makes a difference for SMEs. It is hard to quantify this because some of the impact is qualitative, such as the capabilities the SME develops, so let me use an example.

18. The example is the partnership between Onn Wah Precision Engineering, a local precision machining supplier, and Schlumberger's Singapore Well Testing Centre. This partnership was to develop high precision machining for Oil & Gas production instrumentation. This has created a new business opportunity for the company that now accounts for a substantial portion of Onn Wah's total revenue.

19. If you take the retail space, the Dairy Farm Group worked with more than 320 SME suppliers to streamline their inventory and supply chain management. The SME suppliers were better able to track product movements and respond to changes in demands, and enjoyed productivity improvements of up to 6 times in terms of the

number of deliveries. So in short, the overarching emphasis is really to deliver benefits to our SMEs in terms of productivity improvement, new capabilities that might in turn lead to greater business opportunities, to deepen links with the ecosystem, and ultimately, to leverage all of these to go international.

20. In view of the positive experience that we've had, we have allocated \$100 million over the next 3 years for an integrated **PACT Programme**. In other words, it is to bring in the EDB and SPRING programmes together, to support these and more forms of collaboration among enterprises, to work and grow together in capability and business development. So what sort of programmes will this support?

21. First, it would support, in addition to what I've described, projects amongst SMEs and startups, which will now also qualify for support under the integrated PACT.

22. The scope of the PACT will also be expanded to include sourcing for services providers, as well as to promote the early adoption of new technologies among local enterprises.

23. Third, based on feedback from many SMEs on the value of collective branding, resource pooling and venturing overseas together, PACT will also support such strategic alliances to move into new business areas in both domestic and overseas markets. In other words, it is helping, or aims to help, SMEs complement one another as a group, as they venture into new areas, whether it is in Singapore or internationally. And I think **Mr Thomas Chua** acknowledged that the PACT programme has indeed benefited SMEs and there's a good track record in terms of the outcomes.

ESG WILL BE ENTERPRISE-CENTRIC IN ITS APPROACH

24. Like our clusters or sectors, our enterprise landscape is also quite variegated. Micro or small enterprises account for a significant majority, both medium and large enterprises comprising only about 4% and 1% respectively of the total enterprise base. Yet, the share of value add that has quite the inverse pattern, which is not surprising. This tells us that on the one hand, we are playing a large numbers game in a relatively modest value add impact. On the other end of the spectrum, the numbers are few but the value add impact is significant. Resources, capabilities and their employment contribution also vary considerably across this broad enterprise spectrum.

25. So Enterprise Singapore (ESG) will tailor its programmes to the needs of the different segments of enterprises, bringing together the capability building and internationalisation functions of SPRING and IE.

26. **Mr Teo Ser Luck** asked how ESG will support companies at different growth stages. First, ESG will create a more conducive environment for startups by combining SPRING's Startup SG initiatives and IE's international networks. Beyond mentorship and funding, startups increasingly need to internationalise a lot earlier in their development to gain access to new markets, and acquire complementary capabilities.

27. Evercomm is an example of a startup they provide end-to-end energy management solutions to help its clients optimise their energy consumption. SPRING provided Evercomm with the Startup SG Tech grant to commercialise its technology, and it also facilitated R&D collaborations with MNCs and foreign players. Evercomm also worked with IE's networks to navigate overseas markets. Today, Evercomm operates in both Singapore and Taiwan. Looking ahead, ESG will help Evercomm explore new technology collaborations with partners in Israel, Germany and the US, whilst helping the company expand into the Asia-Pacific region.

28. SMS Koh will elaborate further on our efforts and the developments in the startup space.

29. Secondly, for companies that are scaling up, ESG will provide support in key areas of capability development.

a. As pointed out by **Mr Saktiandi Supaat**, many SMEs still require assistance for essential upgrading before venturing overseas. ESG will work through TACs and industry partners to support them. This includes the SME Centres whom Mr Thomas Chua referred to, which will continue to be a very important channel for ESG's SME engagement.

b. ESG will also use the new Productivity Solutions Grant to support the adoption of pre-scoped solutions and this is so that the broad base of SMEs to improve their operational efficiency and productivity. SMS Sim will elaborate on these points.

30. Access to financing is also critical for long-term growth.

a. ESG will continue SPRING and IE's partnership with our financial institutions to meet the working capital and growth financing needs of our SMEs, and to facilitate access to credit lines and insurance cover for trade and projects in overseas markets.

b. In addition, I am pleased to announce that ESG will extend the pilot **Venture Debt Programme (VDP)** by three years till March 2021. The VDP enables local high-growth enterprises to finance their expansion plans with less equity dilution. Seventeen companies from quite diverse sectors have benefitted from the programme since its launch in October 2015.

31. Thirdly, ESG will support companies to seize overseas opportunities to grow, through several internationalisation initiatives. The importance of internationalisation is borne out by a study by a Survey by the Department of Statistics on Singapore's Investment Abroad. From 2006 to 2016, which shows that income from our companies' direct investment abroad grew by 6.3% per annum. This was higher than the 5.1% per annum growth in profits from their operations in Singapore. Looking ahead, one must expect this differential to grow given the nature and pace of opportunities in the region around us.

32. Enterprise Singapore will enhance IE's network of Overseas Centres to help Singapore companies navigate the business and regulatory environment in overseas markets, gain market insights and also access to networks with local partners.

33. The **Market Readiness Assistance (MRA)** scheme helps companies to defray the costs of foraying into new markets. We raised the grant support from 50% of qualifying expenses to 70% of qualifying expenses from 1 April 2015 to 31 March 2018. **Mr Saktiandi Supaat** and **Mr Sitoh Yih Pin** would be pleased to note that we will be extending this higher grant quantum for a further two years till 31 March 2020.

34. As **Mr Saktiandi Supaat** observed, to be successful, our SMEs must also have the people to navigate different languages and cultures, as well as differences in social, political and legal systems which are quite divergent. The ASEAN Leadership Programme will help Singapore business leaders acquire a deeper understanding of Southeast Asian markets, and the skillsets to lead business expansion in the region. SPS Low Yen Ling, will elaborate on this and other related programmes to develop manpower capabilities.

35. Ultimately, for companies to scale up to the next level of growth, capability development, innovation and internationalisation are deeply intertwined. We see this with companies like Jing King Technology Pte Ltd (JK Tech), that has established itself in chip cards and SIM cards globally. To expand their business, JK Tech has been exploring research and development in biometrics, electronic payments and data security. They have built a dedicated R&D team in Singapore, while seeking new opportunities in Vietnam, Philippines, Indonesia and Thailand. Throughout this journey, JK Tech has tapped on government support, including SPRING's Capability Development Grant (CDG) as well as IE's Global Company Partnership (GCP) scheme.

36. To better support companies like JK Tech scale up, we will consolidate the CDG and the GCP into the Enterprise Development Grant (EDG) (in the fourth quarter of 2018). **Mr Liang Eng Hwa** and **Mr Teo Ser Luck** have asked how this will benefit companies. The EDG will give companies the flexibility to bundle internal upgrading activities, domestic projects and international expansion plans in one application. In other words, companies will be able to have a more flexible and integrated plan to seek out their business strategy.

37. Even as we pursue these internationalisation and growth strategies, I agree with **Mr Leon Perera** that succession planning is an important issue for SMEs, especially family-owned businesses. In this regard, as Mr Perera has already highlighted, there are several resources that SMEs can tap on.

- a. These include information on succession planning and the key issues to look out for are available on SPRING's SME Portal.
- b. They can also use the new Enterprise Development Grant to engage consultants to help them develop their succession plans, and these include strategic priorities and succession plans.

- c. SMEs can strengthen their leadership pipeline, through leadership and management courses supported by SkillsFuture Singapore.
- d. But I do want to stress the point because Mr Perera asked whether succession planning be a condition for some of the government schemes. While we can encourage it, and we can urge companies to think about this seriously, ultimately the business owners have to take ownership of this. They have to decide and prioritise succession planning, and take specific steps to put that in place. So I think we have made the tool kit available, we have put out the message, and we have the entire gamut of stakeholders to support businesses, whether that be trade associations, consultants or government agencies. But business owners have to make the choice and ultimately act on it.

OUR INVESTMENTS IN R&D HELP US TO CREATE AN INNOVATION-DRIVEN ECONOMY

38. Let me turn to R&D because **Ms Chia Yong Yong** and **Ms Foo Mee Har** have asked about our R&D strategies and progress.

39. R&D is integral to Singapore's development and competitiveness. As **Ms Chia Yong Yong** has emphasised, this is a long-term endeavour that requires not just thoughtful planning but also perseverance through cycles because the outcomes may not always be apparent but we need to stay the course. Under the RIE 2020 Plan, we have made several shifts to harness technology and innovation to meet our national needs, and to drive the next phase of economic growth.

40. We invest about 1% of our GDP in Research, Innovation and Enterprise which is comparable to the public spending by other small research-intensive economies. We focus on four domains, (i) Advanced Manufacturing and Engineering; (ii) Health and Biomedical Sciences; (iii) Urban Solutions and Sustainability and (iv) Services and Digital Economy. In all of these domains, there are possibilities for both social benefits as well as economic benefits. I don't think the two work at cross purposes. In fact they often converge.

41. The Government's investment in R&D has catalysed Business Expenditure on R&D (BERD) of \$50.6 billion from 2006 to 2016 – a growth rate of 6%. Both foreign and, increasingly, local companies have recognised Singapore's R&D value proposition and taken steps to deepen their R&D capabilities. This has also led to the creation of good jobs, with the number of Research Scientists and Engineers (RSEs) increasing from some 22,000 in 2006 to more than 35,000 in 2016. I note the point that **Ms Chia Yong Yong** raised – beyond RSEs, what sort of jobs are also being created? I think when I describe some of the ecosystem outcomes that we have achieved, it will give you a sense, but it is difficult to draw a direct correlation beyond the RSE jobs created.

42. Singapore's research efforts and outcomes are also acknowledged internationally, and by global innovation reports. The Bloomberg Innovation Index has ranked Singapore as the third most innovative economy in the world. This index

takes into account outcome indicators such as patent activity, high-tech density, productivity and manufacturing value-add.

43. We are also nurturing public-private R&D partnerships to yield both social and economic benefits. Let me use our work in skin research to illustrate.

44. The Skin Research Institute of Singapore (SRIS) is a collaboration between A*STAR, the National Skin Centre and NTU to build R&D capabilities that can address common medical conditions like eczema, diabetic skin ulcers, and tumours. Such R&D capabilities also have the potential to yield economic benefits.

45. For example, the Ikeda Group, a local SME, has developed novel skincare products using A*STAR's patented polymeric carrier technology. The technology allows active ingredients in the skincare serum to be loaded in individual carriers for greater effectiveness. Ikeda launched its new range of serums under the Irén brand in Singapore in December last year, with plans for export.

46. More broadly, R&D boosts the innovation capacity and competitiveness of sectors. Singapore's excellence in skin research has been instrumental in anchoring global industry leaders like P&G, L'Oreal and AmorePacific. These MNCs have established skin and hair research labs in Biopolis, which has contributed to the growth of innovation partners such as ingredients suppliers and contract research organizations (CROs), including university spin-offs, driving the robust and organic expansion of the Consumer Care sector.

47. More broadly, A*STAR offers different avenues of support for enterprises with differing needs. Ms **Chia Yong Yong** cited several examples of the differing modalities. I think this helps to illustrate the way we are going about it. This includes (i) direct engagement with companies through Operations and Technology Roadmapping or project-specific collaboration agreements, (ii) platforms like Tech Depot that offer plug-and-play solutions, which addresses substantially the needs of SMEs who may not have the capacity or resources to undertake bespoke R&D, (iii) the secondment of researchers to companies under the T-Up programme to conduct R&D and develop new products and processes. This is a very successful programme by A*STAR, where our researchers are seconded out to companies to work in these companies and in a significant number of cases, the companies end up hiring them full time, and this is a flow of talent that we are quite happy to encourage. And finally, (iv) licensing arrangements under the Headstart programme where collaborating companies can tap on royalty-free, exclusive IP from A*STAR for the first 36 months. We are always happy to learn and adapt best practices from others, and indeed A*STAR and other institutions continue to do this on an active basis.

POSITIONING SINGAPORE AS A GLOBAL-ASIA NODE OF TECHNOLOGY, INNOVATION AND ENTERPRISE

48. To punch above our weight and position Singapore as Global-Asia node of technology, innovation and enterprise, we must have our finger on the pulse of global trends, and ensure that our institutions are ready to respond to emerging opportunities.

49. That is why A*STAR is proactively transforming itself to stay at the forefront of science and technology trends, help enterprises capture opportunities and attain higher levels of R & D outcomes and aspirations over the long term.

50. A*STAR has nurtured a strong base of capabilities to support the innovation capacity of our industries. Between 2011 to 2016, A*STAR worked on more than 12,000 industry projects, attracting over \$2 billion in research investments from companies through joint collaborations and other open innovation platforms. In addition, with favourable licensing terms for local enterprises and the introduction of simplified licensing processes in 2013, the cumulative adoption of A*STAR licenses has more than doubled from 191 in 2014 to 422 in 2016. So in general I think we are going in the right direction. But more can be done.

51. Today's research and innovation landscape, in Singapore and around the world, is vastly different from a decade ago, and it will continue to evolve. So we are encouraging our firms to be more innovative and transform, and equally we want our public sector agencies to also become nimbler and be better partners to enterprises on their innovation and transformation journey.

52. So A*STAR aims to be more agile and flexible in the way it is able to harness research talent and funds, to develop capabilities and skills at the leading edge and then transfer these technologies to industries in an even more efficacious manner than in the past.

53. A*STAR will do so primarily through the mechanism of Programmes that will bring together multidisciplinary teams from various institutions in Singapore to solve complex problems. The work product of these Programmes will be the future technologies and innovations that can be used by industries. Increasingly many of the problems are of a multidisciplinary nature. You may need someone from the engineering domain, you may need a mathematician, you may need a biologist etc. A structure which is flexible and able to draw on the talent is what we will need in order to start addressing more complex problems.

54. An example is the A*STAR Artificial Intelligence Initiative (A*AI) that was launched recently, in collaboration with the universities and industry. One of the solutions developed by the cross-disciplinary team under the A*AI is an automatic real-time fault detection tool for predictive maintenance. This system has already been adopted by a few companies in the engineering and transportation sectors.

55. A*STAR will elaborate further on its transformation efforts in due course.

56. Our universities are also undertaking more industry-relevant research, the importance of which **Ms Foo Mee Har** emphasised. Beyond the examples I have shared of the linkages between A*STAR and the industry, MOE's framework for the allocation of research funding to the Autonomous Universities also takes into account industry collaboration, such as the number of industry projects and the amount of industry co-funding for R&D. As a result of this industry alignment, we have seen an increase in the number of license agreements between the universities and industry, from about 20 in 2010 to 95 in 2016. It is on the uptick; we see more of this happening,

and the funding models that are being used by the National Research Foundation and A*STAR encourage more of these inter-agency collaborations together with the private sector.

57. International collaborations also help us to stay abreast of global research and industry developments. The Campus for Research Excellence and Technological Enterprise (CREATE) brings together local and international researchers from diverse backgrounds to work on areas of strategic interest. This helps with knowledge transfer, and also in terms of capability building and the cross-fertilisation of ideas.

58. Taking us closer to the vision of becoming a Global-Asia node of technology, innovation and enterprise, is the Global Innovation Alliance, something that the Finance Minister has talked about and I think many members would already have heard about. It aims to create linkages with global startup hubs, to help entrepreneurs and students gain access to the global innovation network and work with like-minded partners. The GIA is now present in San Francisco, Jakarta, Bangkok and Beijing. Members will notice that the majority are in Asian cities and that is not by accident. It is actually a deliberate effort on our part to develop a deeper innovation network in Asia and also within ASEAN. The aim is to serve as in-market entry points for Singapore entities to connect with the business and innovation community in these cities. Over the next four years, the GIA will expand its reach across ASEAN and to other startup hubs around the world.

PROMOTING EFFICIENT CONSUMPTION AND COMPETITIVE SUPPLY OF ENERGY

59. Let me now turn to the topic of energy. Around the world, countries are taking active steps to reduce their reliance on fossil fuels and meet their climate change targets. Against this backdrop, it is also in the interest of our companies to become more energy efficient and to reduce their carbon footprint. **Mr Thomas Chua's** understandable concerns about the impact of the carbon tax on businesses should be mitigated to some extent by the fact that we are starting with a lower uniform rate of \$5 per tonne of emissions from 2019 to 2023, and focusing on the large emitters. This will help businesses adjust to the new system and also encourage them to reduce emissions. We will closely monitor our economic competitiveness, international climate change developments, and the progress in meeting our emissions abatement goals, and factor these into future reviews of the carbon tax.

60. Meanwhile, we will also set aside funds from 2019 to enhance support for companies, including SMEs and power generation companies, to improve their energy efficiency. As the Minister for Finance stated, we are prepared to spend more than the expected carbon tax revenue of nearly \$1 billion in the initial five years, to support worthwhile projects that deliver the required emissions abatement.

61. Besides promoting energy efficiency on the demand side, we are adapting its policies on the supply side to better serve the needs of businesses and households.

62. For example, the Energy Market Authority (EMA) has progressively liberalised the retail electricity market, to allow more consumers the flexibility of choosing an

electricity retailer and price plan that best meets their needs. We have steadily lowered the threshold for contestability to the present average monthly electricity consumption of at least 2,000 kWh. To date, about half (or 49,000 accounts) of businesses that are eligible for contestability have switched to buying electricity from a retailer of their choice.

63. **Mr Charles Chong** has asked what consumers can expect from market liberalisation. The Open Electricity Market will allow the remaining small businesses and households the same flexibility that I have just described. The OEM will commence in Jurong on 1 April with about 120,000 households and small businesses. These consumers will receive a notification letter and information booklet from EMA in the next few weeks, which will explain how they can benefit from greater choice and flexibility in their electricity purchases. Retailers are also expected to start marketing to Jurong consumers towards the end of March. Mr Charles Chong is right in expressing some concerns about whether consumers will be inundated with marketing materials. EMA has in fact, been working closely with the retailers on how they can market the products and to minimise the kind of confusion or stress on the consumer end. There will be an online platform to help consumers easily compare the standard price plans offered by different retailers. So that's another aid for consumer decision making. Those who prefer to stay on the regulated tariff can continue to do so, and they will be no worse off. In other words, you will also have a 'do-nothing' option, and things will continue as per normal. This soft launch in Jurong will allow EMA, SP Group and retailers to gather feedback and fine-tune their processes, before we continue extending the OEM to the remaining 1.3 million accounts, mostly households, in the second half of 2018.

CONCLUSION

64. Mr Chairman, If I can summarise, the new economic opportunities and challenges that I have outlined, call for new approaches.

65. Everyone needs to transform, but no two transformation journeys are the same. Each company and industry must find its own path based on its own circumstances. The Government will provide resources and support for companies to develop their capabilities, innovate and internationalise, no matter what their starting points are.

66. The need to transform applies not just to individuals, enterprises and industries, but equally to government agencies. We have not shied away from reinventing ourselves – both in terms of organisational structures and processes, for example in the formation of ESG and some of the work that A*STAR is undertaking, and also in relation to our policies and programmes. We are changing, consolidating and adapting our programmes to meet new requirements in the market.

67. We believe, it will ultimately take the collective commitment and effort of all stakeholders for this transformation to succeed. We also believe, that if all of us come together, with all hands on deck, we can position ourselves well to achieve sustainable growth and opportunities for all.