

**SPEECH BY DR KOH POH KOON,  
SENIOR MINISTER OF STATE FOR TRADE AND INDUSTRY,  
DURING THE COMMITTEE OF SUPPLY DEBATE UNDER HEAD V  
(MINISTRY OF TRADE AND INDUSTRY)  
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**“Transforming Industries for Future Growth and Workers”**

**Introduction**

1. Chairman, Singapore is a small and open economy. To remain globally competitive, we need to **transform our industries, and develop new areas of growth.**
2. Singaporeans must benefit from the new opportunities that industry transformation brings. We have seen friction and instability arise in other parts of the world, when workers feel that they are left behind. We should learn from these developments, and ensure that both our companies and our workers share the gains from transformation.

**Transforming our industries**

3. Chairman, allow me to provide an update on our ongoing efforts to transform our industries.
4. In the first phase, we have taken a sectoral approach through the 23 **Industry Transformation Maps (ITMs)** that have been launched. In the next phase, we will be developing synergies across sectors to build and deepen linkages between complementary industries. In this way, industry stakeholders along different parts of the value chain can come together to innovate and ride on market opportunities.
5. This includes strengthening our partnerships with the TACs, which **Mr Douglas Foo** spoke about, through the Local Enterprise and Association Development, or LEAD, Programme. My colleague SPS Tan Wu Meng will elaborate further in his part of the speech.
6. Our transformation efforts have begun to bear fruit. For example, in line with efforts to strengthen supply chain and logistics capabilities in the **Trade & Connectivity Cluster**, the Centre of Innovation for Supply Chain Management (COI-SCM) in Republic Polytechnic has rolled out several initiatives. One of which, the **GoLEAN Improvement Programme**, helps companies systematically optimise their processes through building a culture of continuous improvement.
  - a. One beneficiary of this programme is **SATS-BRF Food**, a food processing and distribution company. It has improved the productivity of its core meat-cutting operations, achieving 18% manpower savings and freeing up workers to support new business initiatives. This has also resulted in shorter lead-time to deliver goods and orders, better customer service, and lower processing

cost. **More importantly, by working closely with the unions, SATS-BRF Food was able to sustain these productivity improvements and thereby improve welfare for its workers.** They are now able to start their shifts at more convenient times and some have seen wage increases made possible by job re-design.

7. Another promising growth area undergoing rapid transformation is **Advanced Manufacturing**, which **Mr Baey Yam Keng** spoke about. We are building new niches in areas such as additive manufacturing and advanced materials, by deepening the capabilities of our companies and our workers.

a. The **Singapore Smart Industry Readiness Index** was developed by EDB and leading global technical service provider, TÜV SÜD and launched in November 2017. This is a diagnostic tool for companies to evaluate their readiness for Industry 4.0. To date, we have awarded over 230 funded assessments and helped more than 150 manufacturing companies better prepare themselves for Industry 4.0.

b. The unions have been important partners in building our capabilities in advanced manufacturing. For example, NTUC, e2i, EDB and the **Metal Industries Workers' Union** have recently engaged 16 major players in the manufacturing sector, such as Epson, Seiko, and Natsteel on the adoption of the Index and the training that is available for their workers. Such tripartite partnerships are very important in ensuring that as companies upgrade to new technologies, our workers also upskill into higher value-added jobs.

8. At the same time, we are also developing next-generation estates such as the **Jurong Innovation District (JID)**, which will catalyse the Advanced Manufacturing cluster. The JID will feature innovative infrastructure such as an underground District Logistics Network that will free up surface land and provide seamless integration with JID buildings to transform the way we deliver goods.

9. Beyond physical infrastructure, we are creating platforms for local and global talent to come together to exchange ideas and to collaborate.

a. Last October, we hosted the inaugural Industrial Transformation ASIA PACIFIC, or ITAP – an offshoot of Hannover Messe, the largest Industry 4.0 event globally. It is a platform for leading manufacturers, technology providers and thought leaders to exchange ideas and best practices. This Singapore edition attracted 15,000 visitors across 55 countries, exceeding our initial goal by 50%. We look forward to hosting ITAP again this year to profile Singapore as the regional hub for Advanced Manufacturing.

10. The growth of the advanced manufacturing sector will have spillover effects for emerging adjacent industries, such as Electric Vehicles, or EVs, which **Mr Leon Perera** spoke about. In Singapore, players like Grab and ComfortDelgro have been adding EVs and hybrids to their fleets, in line with the Government's push to encourage more carbon-efficient vehicles. Singapore's strong manufacturing and electronics sectors will allow us to plug into the global supply chain to meet the increasing demand for EV parts. We can also build our expertise in other nascent areas such as self-

driving software development and automotive cybersecurity. Questions on plans for charging infrastructure and the use of electric vehicles unfortunately fall under the Ministry of Transport so I hope the member will raise this question at their COS.

## **New growth area**

11. Chairman, in addition to transforming existing industries, we will also develop a new sector that offers exciting job opportunities – **agri-technology**.

### Agri-tech

12. The food and **agri-tech** sector is a \$5 trillion global industry that is growing rapidly, fuelled by new innovations in processes and products. Our good innovation climate, strong talent base, reputation for food safety and strategic location position us very well to capture a slice of this industry, particularly here in Asia.

13. **Mr Desmond Choo** asked how we are going to develop this industry. Our vision is for Singapore to be **a leading urban agriculture and aquaculture technology hub with a food production model that can be exported to the region**.

14. To realise this vision, I am currently leading a multi-agency team looking at how we can better support the agri-tech industry in the areas of industry and enterprise development, R&D, manpower, and regulations. This Steering Committee will work closely with industry players and associations such as the Singapore Agro-Food Enterprises Federation (SAFEF) to take on board industry feedback.

15. **As we grow this nascent sector, we will encounter new challenges that will require us to explore regulatory flexibility and innovative ways of doing things.**

- a. For example, under SCDF's fire code, farms are regulated in the same way as factories because production activities such as packaging are allowed on-site. However, some of the fire code requirements may not be applicable for farming activities and may constrain a farm's operations. Local egg farm **Chew's Agriculture** faced such difficulties when seeking fire safety approvals for its new farm at Neo Tiew Road. I am happy to hear that SCDF worked closely with AVA to understand the farm's unique operations, and was willing to exercise flexibility in view of the low fire risk and site limitations.

16. We are also helping more of our agri-companies **expand into foreign markets**. For example, **Sustenir**, a local start-up which specialises in the production of non-native plants, recently launched the first strawberries grown here in Singapore. It has worked with Enterprise Singapore to develop regional marketing capabilities, and is expanding its operations to Hong Kong.

17. To catalyse the agri-tech innovation and co-creation among industry players, we need to strengthen our infrastructure support. So I am pleased to announce that we will establish **a new 18ha Agri-Food Innovation Park, or AFIP, in Sungei Kadut**. AFIP will bring together high-tech farming and R&D activities, including indoor plant factories, insect farms, and animal feed production facilities. We are working with both

local and overseas industry players to develop this first phase of the park, which will be ready from the 2<sup>nd</sup> quarter of 2021, with potential for future expansion depending on demand.

18. Beyond the hardware and infrastructure, a talent pipeline is crucial to succeed in this endeavour. More Singaporeans, especially younger ones, are showing interest in high-tech urban farming. We are now seeing an emerging new generation of young technopreneur farmers.

19. We agree with Mr Desmond Choo that interested Singaporeans must be equipped with the specialised and relevant skills to benefit from opportunities in agri-tech. Our Institutes of Higher Learning, or IHLs, have been instrumental in driving these efforts. For example, Republic Polytechnic has launched a Diploma in Urban Agricultural Technology early this year. As the sector develops, we expect more of such course offerings from our other IHLs.

20. Minister Heng also mentioned in his Budget speech that Temasek Polytechnic will be launching a Centre of Innovation in Aquaculture. This will pull together resources, intellectual property, infrastructure and expertise from government agencies, IHLs, and Research Institutes, which companies and practitioners can tap on to deepen their capabilities.

21. These developments will support our agri-tech sector in becoming an export industry. Our position as an agri-tech hub will strengthen Singapore's economy, create good jobs for Singaporeans, and buttress Singapore's food security.

22. Food is important to us not only as an industry; but it is something that is close to every Singaporean's heart. Even in our communities, interest in urban farming is growing.

23. For instance, **Citiponics Farm @ Ang Mo Kio** is a pilot project located in my own constituency in Yio Chu Kang, on the rooftop of a multi-storey HDB carpark at Level 6 Blk 700 Ang Mo Kio Ave 6. This is the first time we are piloting commercial urban farming on a HDB multi-storey carpark, and it is **another example of how our government agencies like AVA and HDB have exercised regulatory flexibility to support the agri-tech industry**. This farm will hire local residents, including the elderly, and provide them with on-the-job training. My elderly residents from AWWA Senior Community Home are very excited to have the chance to bond with one another through exercising their green fingers and at the same time earn a source of income for themselves. NTUC Fairprice at the nearby AMK Hub will be one of the first buyers of the farm's produce. Planting has started in Feb 2019, with the first harvest expected in Apr 2019. So residents can soon look forward to fresh vegetables that are produced by the community, in the community, and for the community.

## People at the heart of transformation

### Enhancing the EDG with IGP

24. Chairman, industry transformation must not be an end in itself. It is a means to expand human capabilities and open up new opportunities for our people.

25. In my time with the Labour Movement and in MTI, working with companies and workers, I observed that some companies have yet to translate increased productivity into tangible benefits for our workers. Therefore, some workers find it hard to see how industry transformation can benefit them.

26. Currently, the Inclusive Growth Programme, or IGP, administered by NTUC's e2i, aims to address this. It helps companies kick-start productivity projects and in turn, they are required to share the productivity gains with their workers through higher wages. **However, as the pace of our industry transformation quickens, we need to do more to encourage companies to move in this direction.**

27. As Minister Chan mentioned, the **Enterprise Development Grant's (EDG) enhanced funding support will be extended for three more years. Companies will enjoy up to 70% of qualifying costs till end of fiscal year 2022.** This is to support SMEs in undertaking deeper and even more ambitious transformation projects.

28. At the same time, **we will merge the IGP into the EDG. Mr Teo Ser Luck and Mr Liang Eng Hwa** will be pleased to note that through this merger, we will encourage companies to more intentionally translate enterprise transformation efforts into improvements in workers' livelihoods. **We will do so by requiring businesses embarking on EDG projects from 1 Apr 2020 to commit to the fulfilment of worker outcomes.** These outcomes may include wage increases, job creation, job-redesign or hiring of older workers. With this change, workers' outcomes will be a mandatory consideration from the **very first dollar** of EDG funding. NTUC and ESG will work closely together on the mechanism to implement this, and we will announce details later.

29. Chairman, I will now continue in Mandarin.

30. 企业发展计划和增长与同惠计划的结合，标志着我们在协助企业转型的模式上做出了重大的思维改变。我们必须鼓励企业在一开始构思转型计划和准备申请政府津贴时，就要谨慎考虑到如何通过转型，提升员工技能和协助他们拥有更好的就业发展前景。这两项计划结合后，从**2020年4月1日**起，新加坡职工总会和工运将与新加坡企业发展局更加密切合作，确保企业提升生产力的同时，能通过加薪、制造更多就业机会和雇用年长员工等等，切实地让员工和求职者受益。我们希望通过这个改变，明确地传达一个信息，那就是政府承诺与工运密切合作，在转型的过程中时时刻刻以人为本。

Translation:

30. The merger of EDG and IGP represents a significant change in how we approach our enterprise transformation efforts – that **worker outcomes should no longer be an afterthought, but fully integrated into our enterprise grants from the first dollar given**. Through the merger which will require businesses embarking on EDG projects from 1 Apr 2020 to commit to the fulfilment of worker outcomes, such as wage increases, job creation, or hiring older workers, we are sending a strong signal about the Government's commitment to work closely with the labour movement to keep people at the heart of our transformation.

31. On **Mr Chen Show Mao's** query, the inclusion of worker outcomes into the enhanced EDG will be complemented by the efforts of the **Tripartite Workgroup on Older Workers**, which was established last year. This Workgroup is studying issues relating to older workers, including how to make workplaces more conducive for them. The Workgroup's recommendations will be released later this year. In fact, many of the suggestions by Mr Chen are not new and have already been implemented on the ground. For example, our Labour Movement's push to implement more Company Training Committees will be one mechanism in which the Labour Movement can work with companies to ensure that worker outcomes, including older workers', are taken into account when the companies transform.

## **Conclusion**

32. In conclusion, to create good jobs for Singaporeans, we must press on with our industry transformation efforts – enhancing capabilities, developing infrastructure, and facilitating partnerships.

33. We put people at the heart of our industry transformation because they are our nation's most valuable asset. By partnering with unions and businesses, we can translate economic growth into real opportunities and better outcomes for all.