



Mita Duty Officer Media/MITA/SINGOV  
04/03/98 03:31 PM

Sent by: MITA Duty Officer

To:

cc: (bcc: Bing Tang NG/MTI/SINGOV)

Subject: (Embargoed) Speech by DPM Lee Hsien Loong on 3 Apr 98

# Singapore Government

# PRESS RELEASE

Media Division, Ministry of Information and the Arts, #36-00 PSA Building, 460 Alexandra Road, Singapore 119963. Tel: 3757794/5

---

## EMBARGO INSTRUCTIONS

The attached press release/speech is **EMBARGOED UNTIL AFTER DELIVERY.**

Please check against delivery.

For assistance call 3757795

---

SPRInter 3.0, Singapore's Press Releases on the Internet, is located at:

<http://www.gov.sg/sprinter/>

---

## SPEECH BY DEPUTY PRIME MINISTER LEE HSIEN LOONG AT THE INAUGURATION OF THE 1998 PRODUCTIVITY CAMPAIGN (SUNTEC CITY BALLROOM (LEVEL 2) ON 3 APR 98 AT 4 P.M.)

### ***PREPARING SINGAPOREAN WORKERS FOR THE FUTURE***

1. The region around us is still in economic difficulties. Our economy will slow this year. Many companies, especially in the commerce and financial & business services sectors, are feeling the pain.
2. The crisis has uncovered serious weaknesses in the countries around us – in their financial systems, the structures of their economies, and some of their economic policies. The governments need to tackle these problems systematically and resolutely. The more they do so, the faster their countries will recover. Those countries which have put their house in order will emerge from this crisis better structured, leaner and more cost-competitive. In time, South-East Asia will again be a high growth region.
3. Singapore has been affected by this crisis less than others. We must use this opportunity

to upgrade, become more competitive, and get ready to grow and prosper when the region picks up again.

4. The crisis shows how vulnerable we can be, when external circumstances change against us. The workers who have been retrenched so far this year have not found it too difficult to find new jobs, particularly in the electronics industry. But if the turbulence continues, there will be more retrenchments. Some companies have been holding on to workers in the hope of a market turn round. They will be forced to shed staff.

5. Older workers will find it harder to find new jobs, particularly at the same pay. Mr Lim Swee Say tells me that in the classified ads columns in The Straits Times, half the employers will only interview workers less than 35 years old, and another one-third want only those less than 40. i.e. 85% of employers will not consider workers older than 40, what more if they do not have Certificates of Competence, or some other skill qualification.

### **Singapore's Workforce Profile**

6. Over the longer term, as our workforce ages, and our economy continues to upgrade and restructure, we will have to work harder to get workers re-skilled, retrained, and placed in new jobs. As businesses continue to restructure, there will be fewer new jobs for workers who cannot read, write, communicate, compute and analyse. This is already happening. We will also have to educate employers to accept older workers, who with the right training can be as productive as the younger ones.

7. We cannot avoid such upgrading and restructuring. The only way for us to continue to grow is to become a knowledge-based economy. Workers will need to continually acquire new skills and competencies, beyond those they learnt while in schools, ITEs or tertiary institutions, through formal education and training.

8. Not every Singaporean worker is yet prepared for such an environment. Half a million workers have only lower primary education or less. They represent 40% of the resident workforce. Many of them are under-skilled, unready for change, and thus vulnerable.

9. We face a major challenge how to train, upgrade and transform our workforce, be they white-collar and blue-collar, management or staff at all levels of an organisation, so that they remain relevant, and can earn good pay in good jobs, in the new millennium.

### **The Productivity Movement**

10. The Productivity Movement plays a central role in this transformation. Singaporean workers understand that the Productivity Movement is the champion of change. It has already helped Singapore businesses and workers shift towards more capital-intensive, higher-value manufacturing and service activities. The Movement created a sense of urgency to change work attitudes, and promote a quality mindset and teamwork. The NTUC has helped to lead the way to strong labour-management relations and worker-employer collaboration. Our sustained efforts, over 17 years since we launched the Movement, have made employees and employers aware of the importance and benefits of productivity.

11. The Productivity Movement must now embark on the difficult task of producing

another profound change in attitudes – to get workers to treat training as a continuing priority all their working life, and employers to invest in their workers and so enable their companies adapt and thrive. We must help to prepare the Singapore workforce for the knowledge-based economy, and thus achieve our vision of a world-class workforce in the 21st century.

### **CSC Recommendations**

12. The Committee on Singapore's Competitiveness (CSC), chaired by Mr Lee Yock Suan, has also been studying this problem. Its Manpower & Productivity Sub-Committee, chaired by Mr Lim Swee Say, has highlighted the importance of developing a workforce that competes not just on cost, i.e. lower wages, but on the basis of world-class capabilities. This means not just building up individual capabilities, but putting together a set of complementary capabilities to optimise the potential and contributions of our workers.

13. While we invest in Singa-porean workers, we must also attract and manage foreign manpower. Infusion of foreign talent will supplement, invigorate and enlarge our domestic talent pool. It will strengthen our capabilities and competitive edge. More foreign workers will not mean fewer jobs for citizens. On the contrary, it will help us to attract and sustain more high value-added activities in Singapore. Businesses are mobile and will go where the talent is. Foreign professionals and skilled workers will help Singapore thrive as the knowledge hub in the region.

14. Many companies in Singa-pore depend heavily on foreign workers. They operate successfully here only because they can supplement their Singa-porean employees with foreign staff, whether these are work permit holders on the production line, or professionals holding key management posts. So by allowing foreign workers to work here, we are in fact creating jobs for Singa-poreans which would otherwise not exist.

15. Mr Lee Yock Suan's Committee will publish its report in due course. Meanwhile I wish to highlight two of its recommendations – Continuing Education and Training (CET) for the Workforce, and Capabilities Development for Professionals.

### **Continuing Education & Training for the Workforce**

16. One key priority is to develop the skills of Singa-poreans through continuing education and training. Although our workforce consistently ranks among the best in the world, we still lack depth in our skills and knowledge base. A sound framework for continuing education and training is required to cultivate a culture of lifelong learning in our workforce.

17. Lim Swee Say's Committee proposes to implement this by enhancing incentives for workers to undergo Continuing Education and Training, and by building up the infrastructure for carrying out such training. This will mean more financial support from the Government, although the training system should remain employer-based. The Committee has suggested gradually raising the salary ceiling for the Skills Development Levy, together with some form of Government contribution.

18. The Government agrees that continuing education and training needs to be funded. As the CET effort grows, and support for CET from SDF increases, at some point we will need to raise the cut-off ceiling of \$1,000 on the Skills Development Levy. But we will not raise it

under the present circumstances, with the economy facing major uncertainties. Before we decide to raise the SDF levy, we will satisfy ourselves that we are currently getting the maximum out of the current SDF programmes, and that these CET programmes are effective in helping to make workers more employable. We must be sure not just of the effort we put in, but also of the results we are getting.

19. To help lower-skilled Singaporean workers upgrade and re-skill, the NTUC initiated the Skills Redevelopment Programme in 1996. The idea is to encourage employers to undertake developmental training for their employees. The SRP is supported by the SDF, PSB, EDB, the ITE and several polytechnics.

20. It is still too early to be certain how effective the SRP scheme is, in terms of raising the pay of workers or making them more employable. However, response to the SRP from workers and employers has been very encouraging. The Committee therefore proposes expanding the scheme to reach more workers.

21. The Government fully supports the SRP initiative, and the proposal to expand its scope to reach more workers. It is currently studying how best to support such an expanded programme. Once the SRP proves its effectiveness as a way to reach out to and upgrade workers, finding more resources to run it will not be a problem.

22. The Committee has also suggested that we expand the scope of training provided by ITEs and polytechnics beyond technical skills, to include more high-end service oriented skills, such as IT and logistics. This will improve institutional support for in-employment training in the manufacturing and services sectors, which continue to be our twin engines of growth.

23. This recommendation is sound. ITE is already providing service skills training in such areas as office and business studies. Recently ITE launched a certificate course in Logistics. There is scope to develop more such courses, in tandem with the needs of the economy.

### **Capabilities Development for Executives & Professionals**

24. Continuing skills upgrading applies to everyone. The Manpower Committee has specifically identified the development of professional capabilities as a key requirement of the knowledge-based economy. For our professionals to hold their own against the best in the world, they must stay at the forefront of knowledge and skills.

25. Following this line of thought, one recommendation is to develop Singapore into a centre of excellence for management and business development in the Asia-Pacific region. By linking up with top foreign universities and developing a business curriculum customised for the Asia-Pacific region, Singapore can become a place where up and coming professionals and leading experts gather to learn about business management in Asia.

26. The Government supports developing Singapore into a Centre of Educational Excellence. Our aim is to develop, in Singapore, a cluster of high quality universities in disciplines like business, engineering and medicine. MTI, MOE and EDB are finalising agreements with several leading universities from Europe and the US to offer advanced programmes in Singapore. I hope that the professional bodies which guide the professions in Singapore will work with the Government to study how their members can continually

improve their knowledge and skills to stay at or near the leading edge.

**Roles: Productivity Movement & Workers**

27. The Government, the Productivity Movement, the NTUC and employers will do their best to meet the many challenges posed by an uncertain, fast-changing future. But we can only do so much. Ultimately, every worker is still responsible for his own personal future.

28. I therefore urge all workers, particularly those who do not have the skills needed in the economy of the future, to take your long-term employ-ability seriously. Do not assume that your present job will always be there. Make sure that if things go wrong, you will have the skills to find a new job. Evaluate carefully what you are presently capable of doing, and take active steps now to upgrade and re-skill yourself.

29. The regional crisis reminds us how little we can take the future for granted. We must prepare for the future now, while there is still time to do so.

30. On this note, I am happy to launch the 1998 Productivity Campaign. My warmest congratulations to all winners of this year's National Productivity Awards.