

Speech by DPM Wong Kan Seng on population at the Committee of Supply

PREAMBLE

Mr Chairman, many Members have spoken passionately about the issues of immigration and population. They no doubt reflect concerns raised by segments of our public over the increased inflow of immigrants and its impact on our society. This is a very important subject, and it is also a highly complex subject. I want to thank the Members for giving me this opportunity to address it.

Let me first assure the Members that the Government recognises and acknowledges Singaporeans' concerns and sentiments. Indeed, in the last few years, we have seen a dramatic increase in the number of foreigners in Singapore. It is understandable that Singaporeans may feel uncomfortable over the sheer number of foreigners in our midst. The Government has taken note of this, and we have reviewed our current processes of granting permanent residence (PR) and citizenship to foreigners in Singapore.

CALIBRATING THE INFLOW OF FOREIGNERS

Dr Teo Ho Pin asked about the Government's strategy in attracting foreigners to come here for work, and to become PRs and citizens. Broadly speaking, there are two types of foreigners living in Singapore – the transient group which mainly comprises those who come here to work, and the resident group which sinks roots and becomes our PRs and citizens eventually. Although this distinction is not obvious on the ground, it is an important one to bear in mind.

In June 2009, the transient group accounted for about 1.25 million out of our total population of about 5 million. Foreigners who come here to work essentially fall into this transient group. They leave when their work permits or employment passes expire. They are an important part of our workforce, and their economic contributions to Singapore's growth are real and significant.

Competition from foreigners

Ms Indranee Rajah and Mr Chiam See Tong have also raised concerns about the competition that foreign professionals pose to Singaporeans in the job market, housing and also in the use of our public spaces and public transport. While we will not condone discrimination against Singaporeans, we cannot ring-fence jobs and reserve them only for Singaporeans. The majority of foreigners, who are here on work permits, are working in jobs that Singaporeans do not want to do. I acknowledge that there are also those on employment passes holding jobs that Singaporeans are willing to do, and who compete directly with Singaporeans. However, as **Mr Arthur Fong** has mentioned, if we want to compete globally, we have to create an environment which can attract the best people, including those in mid-level – be they Singaporeans or foreigners – to work here and contribute to our economy. The measures in Budget 2010 will provide Singaporean workers with the best possible head-start to compete in this global economy. If foreigners are not here to help us compete against other countries, they will be working in other countries to compete against us. The future will see global competition becoming more and not less intense. We must therefore attract skilled and professional foreigners here to increase our manpower pool.

Indeed, it is because of our meritocratic open door policy that Singapore continues to attract investments, and ranks high up in international surveys on the ease of doing business. Companies must be allowed to recruit and deploy the best talent possible for the job to ensure the success of their businesses. This, in turn, generates economic growth and job opportunities, which ultimately

benefit our citizens more than any transient foreign worker group.

- a. For example, Mercer is a company that has benefited from our flexible manpower policy. The ability to attract the best talent from around the world is vital to ensuring skills transfer to its Singapore office, which is today Mercer's Asia regional hub. From just over 100 staff in Singapore five years ago, Mercer will grow to 400 this year. Two thirds of the jobs created in the last five years are filled by Singaporeans who are given the opportunity to learn from global expertise.
- b.
- c. Our flexible manpower policy has also allowed Barclays to establish a hub in Singapore by bringing in foreigners with highly specialised skills not readily available in our local labour force. Barclays has been actively investing in the development of Singapore's financial services workforce by hiring and developing local talent, which is critical to further expansion and job creation. In the last five years, over 1,000 jobs were created by Barclays for Singaporeans.

Social differences

I believe Singaporeans recognise the value and contributions of these foreign workers. This is the point made by **Mr Sam Tan** too. **Mr Matthias Yao** and some other MPs who spoke in the Budget Debate during the last two days are also right in observing that Singaporeans may have begun to feel that the Singaporean way of life was being encroached upon. The negative reaction of Singaporeans is one of frustration and annoyance of having to share limited common spaces with people who may have different social habits and reflexes. The Government has hence undertaken action to educate our foreign workers on our social norms so as to integrate them better while they are here.

Singaporeans, however, need to be realistic and fair-minded. While we want foreign workers to do the less pleasant jobs and contribute to our economy, we cannot also expect them to stay away, during their off days, from public places and shopping malls where we frequent, or not to take the public transport to work. On our part, Singaporeans need to be more tolerant and understanding of the different habits and practices of workers from different backgrounds and cultures. Some of us would recall that 40-50 years ago, we shared the same habits. In the coffee shops, you would see spittoons under the tables.

With regard to Singaporeans' perception that foreigners are driving up HDB prices, the Minister for National Development will address this more fully during the COS, but we know that we have no shortage of housing. New flats are being built, and this year we are going to offer 12,000 Build-to-Order flats. I understand that almost the same number of flats was being built last year. When we have PRs who have come to settle here, we also expect them to find a home, so it is only fair that we allow them to purchase flats. They do not receive any direct subsidy from the Government for HDB flats. They have to buy from the resale market.

Adjusting inflow

Some Singaporeans have asked why we allowed such a large inflow of foreign workers in recent years. We had taken in larger numbers during the economic boom years from 2004 to 2007 to catch the wind of growth so as to propel our economy forward. The Finance Minister has explained this in great detail. From 2004 to 2009, the non-resident population grew from about 750,000 to 1.25 million (Chart 1). The foreign workers enabled us to take full advantage of the

favourable external conditions from 2004 to 2007 in order to maximise our growth. And these were good years for Singaporeans too because median income also went up. Had we kept out foreign workers, our growth would have been choked off, and Singaporeans would have been worse off.

Going forward, in line with the ESC's recommendation for our economy to keep the foreign workforce to about one-third of our total workforce, the Government will take steps to moderate the inflow of our foreign workforce over time. However, the change will not be easy. It will require heavy capital investment in automation, training to re-tool our own workforce, and raising productivity. Our businesses and workers must also gear up to make the necessary adjustments.

To sum up, transient foreign workers are here to work and they will eventually go home. Most of them do not sink roots. We should appreciate their contributions to Singapore as they have helped us to grow our economy. In turn, with economic growth, we have the resources to develop infrastructure and support programmes which have raised the quality of life for all Singaporeans. Economic growth has also enabled us to accumulate reserves in good times, which we have been able to rely on to sustain and support Singaporeans during lean and tough times.

ENHANCING OUR IMMIGRATION POLICIES – ENSURING QUALITY AND ASSIMILABILITY

The second category of foreigners in our midst is not transient but stays on to become PRs and citizens. I know that this is a matter which Singaporeans care very deeply about, and rightly so, as it concerns the value of our citizenship.

The number of PRs and Singapore citizenships (SC) granted to foreigners has gone up in the last few years. Singaporeans have expressed concern about this increase. Some even wonder if we are giving away permanent residency and citizenship too easily. While the number of SCs granted is fairly stable, the number of PRs given is indeed higher over the last few years compared to the years before 2005. Why did we do this? We wanted to take advantage of the strong economy in the mid 2000s to attract and retain suitable foreigners to sink roots here, and to make up for our low TFR.

We have recently reviewed the PR/SC assessment framework. We will refine it to better manage the pace and overall numbers. We will ensure that those who become one of us are of better quality, and not only contribute to Singapore economically but also integrate well into our society. We have already started to tighten the framework in the last quarter of 2009. **Mr Ang Mong Seng** asked about the number of new PRs and citizenships granted. We granted 59,500 PRs and 19,900 citizenships for the whole of 2009, as compared with 79,200 PRs and 20,500 citizenships in 2008 (Chart 2).

Going forward, we will further tighten the framework to raise the quality of the immigrants. This will reduce the number of PRs granted. We will monitor carefully the number of PRs who qualify and, if necessary, fine-tune our criteria in the light of the actual outcome. However, I am not in favour of any absolute cap on the number of PRs. How many we take depends on the quality of the applicants, and there may be events which trigger an unexpected surge in numbers, which we should take advantage of.

As for the number of new citizens, this will again depend on the quality of the applicants, but provided we have good applicants, we should take up to 20,000 a year. I will explain later why we need this number.

Integration of new PRs and citizens

We will put in more effort to integrate PRs and new citizens into our society. This will continue to

be spearheaded by the National Integration Council, under MCYS, which was set up last year to promote and foster social cohesion and integration. The success of this endeavour will, however, depend on the support and response of both newcomers and Singaporeans.

Recently, I held a few dialogue sessions with Singaporeans and new immigrants. I met a research fellow from A*STAR, Dr Xue Bo (), who was very glad that he made the decision to move from a private condominium to a HDB flat in Jurong. There, he encountered a friendly neighbour, Mr Alan Lim (), who took the first step in welcoming him and his family. Not only did he help Dr Xue's family orientate themselves in the new neighbourhood, he also included them in his social circles and introduced them to his friends. Kind, helpful and practical gestures like these are deeply appreciated by those at the receiving end, and will go a long way towards making us more cohesive and harmonious even as we become more diverse. Integration is an ongoing journey and takes a long time. It cannot be rushed. It needs the direct and active involvement of both Singaporeans and new immigrants.

Having newcomers in our midst means dealing with differences in outlook and social habits. While we work to make them a part of us, we should also appreciate the little differences that make our social landscape more varied and vibrant. Let me share the story of Dr Anuj Gupta, a former Indian national, who came here as a Junior College student in 1992. He later studied at the NUS medical school. Dr Gupta now works in Clementi Polyclinic. Like any seasoned GP in Singapore, he is able to interact with patients in a variety of languages, including dialects, English, and a bit of Mandarin. He prides himself on being able to provide medical consultation in Hokkien! It's hard to get much more Singaporean than that. Yet, he recalls wryly that whenever he speaks English, some patients would identify his non-native accent and ask him, "Doctor, where are you from?" Dr Gupta married a former PRC citizen who came here in 1995 and studied in our polytechnic to become a nurse. They now have two lovely children. Apart from Dr Gupta, we have also managed to attract his two brothers, who are also doctors in Singapore. When asked why he chose Singapore, since he married a PRC national, he said "Well, my wife could not adjust to India, and I could not adapt in PRC, so Singapore is the best place for us."

As **Mr Sam Tan** pointed out, new immigrants can play positive roles in building the future of Singapore alongside existing Singaporeans. Many immigrants are taking the first step to become part of Singapore society, through participating in our grassroots activities and volunteering in community organisations. But it takes two hands to clap. Indeed, we have many Singaporeans, including 800 Integration and Naturalisation Champions from our grassroots organisations, who go about helping newcomers settle in and integrate into their communities as part of their daily lives. The INCs organised about 600 events last year for 30,000 new immigrants. Many Singaporeans took part in these events too. This should be encouraged. The newcomer's transition into the community would be much smoother and faster if their Singaporean neighbours and co-workers take the initiative to welcome them and help them settle in. On the other hand, new immigrants could also initiate efforts to reach out to Singaporeans, and take part in activities organised for them by Singaporeans.

Differentiation between citizens and PRs

Although we will continue to welcome good quality PRs and new citizens who can contribute to Singapore, we stand by the principle that Singaporeans come first in their own country. No need to worry about this. Recently, the Government took measures to draw a greater distinction in privileges and benefits between Singaporeans and PRs in the areas of education and healthcare. This is necessary to recognise the privileges of citizenship, and to give PRs adequate incentive to convert to become Singapore citizens.

However, we need to be sensible and balanced about how we go about this. For instance, we

should never undermine the principle of meritocracy which makes us competitive and which ensures communal harmony and social cohesion. We must also avoid making ourselves so unattractive that suitable foreigners are deterred from sinking roots and becoming a part of Singapore. There is a global competition for good people with talent and if we make Singapore an inhospitable place, we will lose out. We will do ourselves great harm if others outside Singapore have the wrong impression that we are xenophobic. This will be against our national interest. We heard the story recounted by Mr Sam Tan that a PRC leader had said that even they were also looking for talent. New Zealand too. New Zealand is targeting Singaporeans in particular because they think that we are hardworking and honest and they want Singaporeans to be there. And the Australians too are specifically targeting Singaporeans. So, we are in this world where competition for talent is very keen.

SINGAPORE'S POPULATION CHALLENGE – ADDRESSING A CRITICAL NEED THROUGH IMMIGRATION

Besides broadening our talent pool, PRs and new citizens have another critical value for Singapore. Immigration is a key source of population augmentation which we cannot afford to do without. Let me explain.

Declining fertility

We face a serious population challenge today. Last year, the number of resident births fell to 36,926 compared to 37,277 in 2008. But citizen births constituted only 31,843. Resident total fertility rate (TFR) fell to 1.23, our lowest yet (Chart 3). This is well below the 2.1 needed to replace ourselves. Our TFR is among the lowest in the world. **Mr Seah Kian Peng** suggested that we review the effectiveness of the marriage and parenthood package. The package was only recently enhanced, less than one-and-a-half years ago, in August 2008, and then the economic downturn occurred soon after. So my guess is that the economic downturn is likely to have played a part in the decline. It is not like what **Mr Chiam** thinks, that it is because it is too hard to raise a family. Of course whether people have more children or not, whether they get married or not, is very much a personal decision. We would recall that in the last two recessions in 1998 and 2001, resident births fell by an average of 4,500. In 2009, the decline was smaller, only at 351. We believe that the 2008 marriage and parenthood package has helped to cushion this decline. Without the package, the decline could have been worse. It is too early now to review the marriage and parenthood package. We will let the 2008 marriage and parenthood package run for a while before doing a more comprehensive review.

The Government is trying to address the problem of our low fertility rate and create a pro-family environment. Through the M&P package, we aim to provide holistic and comprehensive support to couples in getting married and having children. But we also need to be realistic that even with our M&P package, we will not be able to turn our TFR around. Moreover, getting married and having children are intrinsically personal decisions. Singaporeans may still choose not to get married or have more children for various reasons.

Impact of low fertility and ageing

That leaves us with a sobering truth – Singaporeans are not producing enough babies to replace themselves. What are the implications of this?

If our TFR remains the same, and we do not allow immigrants to settle here, our resident population will start to shrink as early as 2025 because deaths will outstrip births, just like what is happening in Japan today (Chart 4). In 1970, when our TFR was above 2.1, each elderly person was supported by 17 working adults. By 2020, one elderly person will be supported by five working

adults. And by 2030, it will be one elderly person supported by just over three working adults. (Chart 5.)

A larger elderly population in the future would also mean increased public expenditure due to increasing demands on our public healthcare, community and social support infrastructure. Taxes may have to be raised to increase support for the aged.

With fewer young people, our workforce and society will lose our vitality and vibrancy. This will mean that Singapore will become less attractive to foreign investors. Our own young talented Singaporeans may leave our shores for better opportunities in more dynamic economies. With fewer young Singaporeans, we will face grave challenges to maintain the strength and efficacy of our citizen armed forces, security and law enforcement agencies.

Supplementing local births

In a nutshell, we need 60,000 babies just to replace our resident population. But we only have about 37,000 babies per year. This is provided the number of births does not go down again in future. This is why I mentioned earlier that we need about 20,000 new citizens in order to keep our citizen core (Chart 6). Unless there is a dramatic reversal of local TFR, and I do not see this happening, it is critical that we must tap on immigration as a measured means to augment our population. We must continue to allow in good-calibre foreigners as PRs and SCs to supplement our low birth rates. However, our society needs a strong citizen core. Singaporeans must always form the bulk of our resident population. Hence, we must focus on getting good-quality citizens rather than carry a large PR population who are content to remain PRs indefinitely instead of taking up Singapore citizenship. Without this infusion of new citizens, based on current demographic trends, we will soon have a shrinking Singaporean population and a declining Singapore.

CONCLUSION

I would like to assure the House that the Government is cognisant of the ground sentiments and feedback on the issues which had been brought about by immigration in recent years. We have made careful refinements and changes to our policies to address these concerns. But we have to also be practical and realistic.

We must look at the issue of foreign workers and immigration objectively and rationally. We must recognise that good-quality foreign workers and immigration still remain important to our sustained economic growth and are vital to address our serious longer-term population challenges. Ultimately, the key is always in finding the right dynamic balance and trade-offs, as some MPs have suggested. This is not easy to do but it is necessary to do, if Singaporeans are to be assured of a future and a quality of life, no less than what we enjoy today.

We are all descendants of immigrants. Singapore grew and prospered since its founding because our great-grandparents, grandparents and parents were allowed to come and settle to make a better life and in the process, to contribute to Singapore's growth. Had they been denied the opportunity to do so at the right time, we would not be born here and Singapore would not be what it is today. In future, the children and grandchildren of today's immigrants who sink roots here, will grow up with our children and grandchildren. Together they will be the next generation of Singaporeans and Singapore will be their home, just as much as it is our home today.

Singaporean's concerns over our immigration policy are widely reported in the Chinese media. So please permit me to say a few words in Mandarin.

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Enc: Charts