

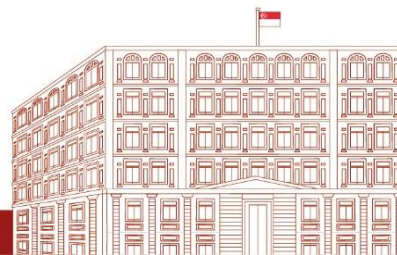
**Transcript of Speech delivered by Mrs Josephine Teo,
Minister for Communications and Information,
at SCS Tech³ Forum (1 Sep)**

Mr Sam Liew, President of the Singapore Computer Society

Distinguished guests

Colleagues and friends

1. Good morning. Thank you for turning up, despite this being polling day. The SCS somehow knew today would be special. It's actually a public holiday, but I'm as ready as you are to keep working.
2. The topic of today's forum consists of two questions. I would like to address them slightly differently (a) how can we be more ready for a global recession and (b) what new factors come into play because of digitalisation.
3. For a start, no two recessions are fully alike. Therefore, we cannot assume that if we deal successfully with one recession, we are 100% ready for the next. In 2008, the collapse of Lehman Brothers triggered a Global Financial Crisis, and I was at the time a labour MP serving in the National Trades Union Congress.
4. I recall very distinctly then that the International Labour Organisation had predicted up to 50 million job losses globally. Analysts in Singapore projected that up to 100,000 workers could be retrenched in 2009. To put that 100,000 figure in context, on an annual basis Singapore sees around 10,000 to 15,000 retrenchments as part of the regular churn, so 100,000 was a significant figure. A few days before Chinese New Year, the union I was then leading had to step in to support about 700 workers, who had just been informed by their employer that they would be let go.
5. Fast forward to 2020, there was another global recession triggered by a virus named Covid-19. We did not initially know how it spread and whether a vaccine could be developed in time. There was no playbook and certainly no way of predicting in advance if our measures would be adequate.
6. As Manpower Minister, my team and I had to assume the worst. Many companies could fold, many jobs lost, and many workers displaced. I watched the weekly reports like a hawk. I was especially concerned about the graduating cohort. I did not want them to lose hope because they could not get started in their careers.
7. I was also worried about employment "scarring", which is the long term social and economic impact of joblessness on affected individuals. Even if we manage to stave off mass closures and unemployment, a prolonged pandemic could cause scarring for affected workers as well as their families that last for years. Fortunately for Singapore, the employment situations were reasonably contained on both occasions.
8. The Global Financial Crisis turned out to be quite short-lived. Local unemployment peaked at 5.2%, well below initial estimates. Thereafter, the Singapore economy rebounded sharply. The following year, in 2010, it grew 14.5%.



9. As for the COVID pandemic, resident unemployment never exceeded 5%. Local employment returned to pre-Covid levels by the first quarter of 2021. About 70% of the graduating class of 2020 found full-time jobs within six months. A year later, this had recovered to pre-Covid levels of around 84%.

10. To counter the effects of the 2009 global financial crisis, the Government had introduced a Resilience Package of about \$20.5 Billion. To deal with the recent pandemic, almost \$100 Billion was set aside although we eventually spent about \$40 Billion. You might recall the Unity, Resilience, Solidarity and Fortitude budgets. By Budget number five, we had run out of suitable names.

11. There were many similarities in these budgets. An innovation in 2009 known as the Jobs Credit Scheme made a comeback as the Jobs Support Scheme in 2020. Both schemes allowed the Government to foot part of the wage bill for workers who remain on the payroll. This encouraged employers to retain their workers instead of cutting jobs to save costs.

12. You may also remember the Skills Programme for Upgrading and Resilience or SPUR in 2009. Instead of letting workers sit idle because order books have dried up, SPUR provided extra funding support to employers if they made an effort to train their workers during the downturn.

13. Not only did employers have ready workers when the upturn came, the workers had become more productive. Similar programmes were made available for distressed sectors like aviation and hospitality. But there were also differences in the budgets.

14. In 2020, the new innovations included:

- The SG United Jobs & Skills package to train displaced workers for temporary and permanent new jobs;
- The Jobs Growth Incentive to overcome employer hesitance and boost hiring;
- The Self-Employed Persons Income Relief Scheme for freelancers and gig workers; and
- The Covid Support Grant which was a relief payment to the unemployed.

15. We don't know when exactly there will be another global recession. How we respond must of course depend on what triggered the recession, and the prevailing conditions.

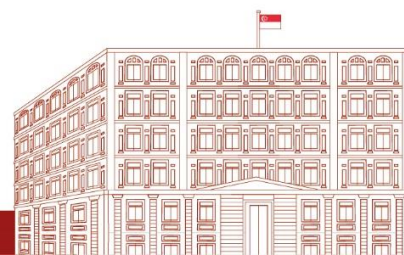
16. But we do have some sense of what it takes to be ready. We can think of them as the three "capitals".

17. The first is financial capital. We should aim to always have adequate fiscal resources for a rainy day. In Chinese, we say 居安思危, 未雨绸缪. As long as we are plugged into the global economic system, we cannot avoid getting caught in its ebb and flow.

18. Our national reserves have proven to be a most helpful in times of crisis. Having a nest egg can buy time and options to design bold responses. This can make all the difference. If you haven't already watched the excellent CNA production on our national reserves featuring PM, today may be a good time to so.

19. The second is trust capital. One aspect of it is Singapore's unique model of Tripartism.

20. On more than one occasion, Tripartism has helped to rally the workers of Singapore to accept painful but necessary adjustments and ensured employers do their part, with management taking the lead in wage cuts and sharing gains when good times come round again.



Of course, the government must also help, to provide adequate relief to both workers and employers.

21. The third is creative capital. Especially in a crisis, we must have both the agility of mind and ability to innovate, to be cognisant of new situations and responsive to new needs. Only then can we design fresh interventions to address emergent problems.

22. To be more ready for a global recession, we should maintain the discipline of running balanced budgets and keep building up financial capital for the next rainy day. We should continue to uphold the spirit of Tripartism and strengthen trust capital.

23. Equally, we should never stop challenging ourselves to expand our creative capital.

24. How does digitalisation feature in all of this? To grow our reserves, the economy must continue to do well. For some time now, our digital economy has been a key driving force.

25. Between 2017 and 2022, the Information and Communications sector was the fastest growing sector in the economy. This is generally thought of as the vertical pillar of the digital economy.

26. The horizontal pillar of our digital economy, which is a measure of value-add in every sector of the economy that can be directly attributable to investments in digital technology, has also grown rapidly, outpacing growth in the overall economy. In fact, it's been said that financial companies these days are technology companies. There is also hardly any sector today where there is no digital component. So, the horizontal pillar captures all of these.

27. A faster pace of growth and digitalisation can present challenges but also open up new opportunities for our workers. Economists see three ways in which technology affects the tasks we perform.

28. First, there is a displacement effect. This means that some of the work can be automated away. Capital can complete more of the tasks than people.

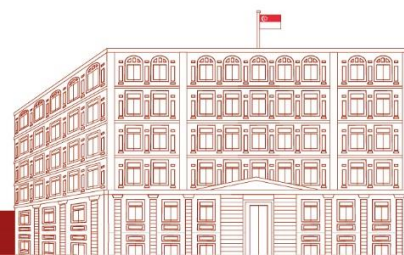
29. Second, there is a productivity effect. This means the same number of people carrying out the same tasks, but better and faster.

30. Third, there is a reinstatement effect. New tasks or jobs are created that did not exist before, for example, data scientists and UX designers. McKinsey has estimated that by 2030, AI could contribute to the creation of 20 to 50 million new jobs globally. But this is not a given.

31. Historically, technology diffusion has tended to be slow and uneven. A few frontier firms benefit quickly and enormously, while many others languish. Workers may also experience increased anxieties over job security.

32. Unlike previous waves of automation, the accelerated development of AI tools is expected to displace more white-collar and knowledge-workers. Our response in Singapore is to actively uplift both enterprise and workforce capabilities. SMEs will need more help. Unlike larger companies, they tend to lack resources, know-how and sometimes know-why.

33. We have therefore partnered industry to support them in a variety of ways, from becoming more data-driven to developing cyber hygiene.



34. Our tech workforce has also grown steadily. This has been partly driven by the expanded intakes into ICT-related courses at universities and polytechnics. Almost all other disciplines have infused their curricular with digital components.

35. More broadly, for the entire workforce, a whole ecosystem of continuing education and training promotes digital mastery, supported by the national SkillsFuture movement. The NTUC too has set up more than 1000 Company Training Committees to work with employers to help their workers reskill for the digital era.

36. The Tripartite approach is equally reflected in IMDA's initiative to appoint five training partners to develop relevant and practical training to deepen the tech skills of our workforce.

37. The five partners are (i) the National University of Singapore; (ii) Ngee Ann Polytechnic; (iii) NTUC LearningHub; (iv) Singapore University of Social Sciences; and (v) a consortium comprising Temasek Polytechnic, Republic Polytechnic, and Generation Singapore.

38. The five partners will support companies to co-develop reskilling programmes for their employees in three areas where demand is strong and growing – AI and analytics, software engineering, cloud and mobility. For example, in AI, we envisage that businesses will need access to experts knowledgeable in AI governance and ethics. Through this initiative, we aim to train up to 18,000 workers over the next three years.

39. In developing our tech workforce, we should pay special attention to our women.

40. On the whole, we are not doing too badly. A study by BCG estimates that 41% in Singapore's tech workforce are women, higher than the global average of 28%.

41. I have a firm belief that our women can do so much more if we give them the extra support. One of this is the SG Women in Tech initiative that is organised by SCS in partnership with IMDA. In particular, the SG100 Women in Tech celebrates our role models who will undoubtedly inspire many others to make their own marks in time to come.

42. This year, we received 800 nominations for the list, which is a 30% increase from 2021. The increase is most encouraging and signals the growing interest and recognition of women in the tech industry.

43. In conclusion, tech in Singapore is on the upswing. There may be temporary setbacks, such as when companies need to right-size or a recession looms. But the medium- and long-term outlook remains positive.

44. We are investing in leading-edge infrastructure and developing a wide range of capabilities. Our tech talent, comprising both men and women, will continue to deepen their skillsets.

45. Our whole society is coming together to support digital inclusion and to manage digital risks. Internationally, we have many friends who compete with us but also value us as partners.

46. With these as foundations, we can weather any new storm with the same spirit of unity, solidarity, resilience and fortitude to continue doing well for ourselves and for the younger generations in the tech workforce. Thank you very much!

