

→ CHAPTER 7

INVESTING IN OUR SHARED TOMORROW



To build a stronger society, the Government will do more to support Singaporeans throughout the different stages of life, from our school days to our careers and into our golden years.

All these will require more public resources, which come largely from tax revenues, as well as investment returns from our reserves. Difficult decisions will have to be made on how we will prioritise our spending, who pays, and how to keep our overall system fair and equitable.

These considerations of fairness apply not just to today but also across generations. If we only think short term, we may end up short-changing the next generation, who will inherit a Singapore that is ill-prepared for the challenges of the future. Our social compact must therefore span generations — as we are all responsible for our shared future, represented by our children, grandchildren, and those not yet born.

The Singapore we have today is the result of the sacrifices and hard work of those before us. We must continue this virtuous cycle and leave behind an even stronger Singapore for future generations.



I think this is a vital period of change and transformation aptly timed for current and future generations of Singaporeans. This would hopefully ensure the continued state of what Singapore is and what we have collectively achieved."

- Participant at the REACH x Forward SG Follow-Up Conversations (Chinese), 26 July 2023

We will do so by stewarding our limited resources responsibly and sustainably on three fronts:

▶ **Manage our limited land and environmental resources**



▶ **Strengthen our food and water security**



▶ **Uphold fiscal prudence and responsibility**



Manage Our Limited Land and Environmental Resources



Singapore is a densely-populated nation, with diverse and sometimes competing needs. This presents unique challenges for our land use planning. We need to balance social, economic and environmental considerations of urban development, as well as both short- and long-term needs.





We want Singapore to continue being a liveable city for all where there is land for economic development, good and affordable public housing, and precious green and recreational spaces.



To achieve this, we must continually relook our land use planning and refresh our use of space as needs change, no matter how challenging this may be.

- ▶ For example, we are working hard to progressively consolidate our port operations from Tanjong Pagar, Keppel, Brani and Pasir Panjang, into a new world-class port at Tuas by the 2040s. It is a highly complex shift, which we are making amidst the continued daily operations of the largest transshipment port in the world.
- ▶ The massive relocation effort will not only enable our port to meet future demand for shipping but will also free up prime waterfront land for another major project — the Greater Southern Waterfront. This will become a new major gateway and location for urban living covering over 2,000 hectares of land, with more green and recreational spaces, as well as new homes.

This philosophy of land rejuvenation anchors Singapore's leasehold framework. State land is sold on leases, such as 99-year leases for residential property, so that we can recycle our limited land resources for future needs.

As housing estates grow older and leases near expiry, the leasehold framework provides a timely opportunity to renew and rejuvenate our Housing & Development Board (HDB) towns so we can start planning ahead for our future housing needs.



We will need to provide affordable and quality homes — not just for young couples but also for diverse segments of our population, including singles, as well as our growing number of seniors.

- ▶ The Voluntary Early Redevelopment Scheme (VERS), which was announced at the National Day Rally in 2018, will be a key initiative to recycle and refresh our land use for future generations. Through the scheme, the Government will offer to buy back older flats. If residents vote in support of the offer, the Government will be able to redevelop the precinct.
- ▶ We are carefully reviewing the detailed arrangements for VERS. For residents affected by VERS, we will provide sufficient rehousing options to meet varying needs and budgets, and ensure that they are well taken care of.





Climate change poses significant challenges for Singapore, including to our land and ways of life.

As a low-lying island state with 30% of our land less than five metres above mean sea level, Singapore is especially vulnerable to the impact of climate change, in particular, rising sea levels.

We are already experiencing rising temperatures, as well as increasingly unpredictable and more extreme weather. By 2100, mean sea levels are projected to rise by up to one metre. The combination of high tides and storm surges could lead to sea levels as high as four to five metres.



This is why environmental sustainability is an existential priority for Singapore, and why we are moving early and decisively to build up our climate resilience.

- ▶ Singapore has raised our national climate targets to achieve net zero emissions by 2050. The public sector has also committed to achieve net zero emissions earlier, by around 2045.
- ▶ We have also revised our 2030 Nationally Determined Contribution (NDC) target to reduce emissions to around 60 million tonnes of carbon dioxide equivalent after peaking emissions earlier.

These are difficult goals to attain. Singapore's small size and lack of natural resources constrain our energy source options, making us an alternative energy-disadvantaged nation.



We will only be able to achieve our low-carbon transition with international cooperation and through close partnerships between the Government and industry.

- ▶ **We are exploring the possibilities for alternative green energy sources**, including partnering industry to import more renewable energy from our neighbouring countries.
- ▶ **The Government will support businesses to improve energy efficiency, reduce emissions and seize opportunities in the low-carbon economy.** We will also partner businesses to develop, pilot and adopt emerging technologies to drive decarbonisation across various sectors.
- ▶ **There is also more we can do to reduce waste generation and increase recycling rates.** One way is to accelerate the shift towards circular and zero waste business models and lifestyles, which we will make a push for with businesses and other stakeholders.



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We need to explore ways to improve our businesses, while safeguarding our planet for future generations. Climate change is a global challenge that requires a unified and decisive response. We must come together as a business community to brainstorm and articulate the issues that shape our future, taking cue from the latest government policies and strategies.”

- Mr Kho Choon Keng, President, Singapore Chinese Chamber of Commerce & Industry (SCCCI), Forward SG Dialogue with SCCCI, 31 July 2023



At the end of the day, environmental sustainability and climate resilience cannot be achieved only by the Government. It requires a whole-of-society effort.

- ▶ It was with this intent that we held our inaugural Our Coastal Conversation in October 2022 to discuss potential coastal protection measures and steps to balance the different trade-offs.
- ▶ We recently embarked on the next phase of conversations on coastal protection and flood resilience as part of our work to build a climate-resilient future.



Our Coastal Conversation

PUB launched its inaugural Our Coastal Conversation in October 2022 — the first of a series of community engagement sessions on enhancing flood resilience and coastal protection in the face of climate change.

More than 130 participants from diverse backgrounds were engaged in lively discussions over two sessions. They deliberated ways to accommodate and balance different needs and aspirations when planning for coastal protection measures along the City-East Coast stretch that covers areas in Changi, East Coast-Marina, and Greater Southern Waterfront district.

Participants shared insightful perspectives and gained a better understanding of the considerations, costs and trade-offs when tackling the issues of intense rainfall and rising sea levels.

Many expressed a common desire to protect our cherished coastal areas and enhance our community spaces with innovative coastal protection designs and solutions. Participants felt that this was a good opportunity to introduce new uses and experiences beyond recreation to our coastal spaces.



They also highlighted the need to preserve and enhance the biodiversity and green spaces along our coasts. These could serve as complementary nature-based solutions and educational opportunities for our young to appreciate nature.

In addition, participants examined the possible trade-offs to balance the needs of different users in enjoying the coastal spaces even as we protect our coastlines. They exchanged views on how we should share the costs between current and future generations.

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The key thing we want to retain is the beach front, intertidal area, and what this area represents to us. It is part of our psyche of what it means to be a Singaporean as an island nation... With rising sea levels, some things are not going to be there anymore. We have to embrace this mindset. Who is going to foot the bill and do we foot that bill now so we don't burden future generations?"

- Participant at Our Coastal Conversation



Strengthen Our Food and Water Security

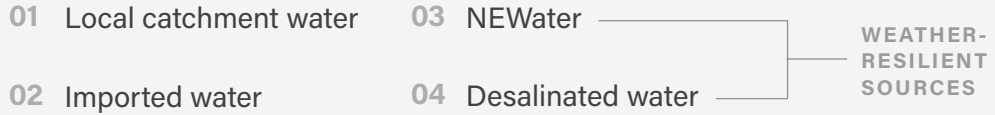


Natural disasters and erratic weather patterns also threaten our water and food security.

WATER SECURITY

We have built a robust and diversified water supply through our 'Four National Taps'. In addition to local catchment water and imported water, we have leveraged technological advancements to produce NEWater and desalinated water, both weather-resilient sources.

FOUR NATIONAL TAPS:



We are also on track to complete Singapore's three-node Deep Tunnel Sewerage System, with the commissioning of Tuas Water Reclamation Plant (WRP) by 2026 and Kranji WRP by 2035. These are part of our efforts to collect and recycle every drop of water we use.

We will continue to invest in research and development, to increase our water resources, moderate costs, and improve our water quality and security.



FOOD SECURITY

Likewise, we are concerned about food security. Singapore imports more than 90% of our food. This makes us particularly vulnerable to fluctuations in global food supply. In extreme scenarios, our access to food may be disrupted as foreign countries and suppliers prioritise their own needs.



Our main strategy is to diversify our food import sources.

Through diversification, we avoid overreliance on any one source, so that we can quickly switch to other sources in the event of disruptions. Currently, we import food from over 180 countries and regions. Ongoing efforts to diversify further have opened up new food sources over the past year, including Brunei for eggs, and Indonesia for chickens.



The Government also maintains a national stockpile of essential items, which we will continue to build up.

We cannot stockpile every food item that we eat. However, we will ensure that we are able to tide over a major disruption to our food imports, even as we endeavour to bring in alternative supplies.



We are also building our capability and capacity to sustainably produce 30% of our nutritional needs by 2030.

Achieving this will not be easy. But local production can complement our first two strategies of diversifying our food import sources and maintaining a national stockpile of essential items, and serve as a meaningful buffer for Singapore.

We are working closely with our stakeholders to increase local food production in a productive, climate-resilient and resource-efficient manner.

- ▶ The Singapore Food Agency (SFA) has embarked on the holistic master-planning of the Lim Chu Kang area to create a productive and resource-efficient agri-food cluster.
- ▶ Businesses and consumers play a critical role in ensuring the commercial viability of our farms. We will work with stakeholders to encourage more consumer support and demand for fresh local produce.

We need everyone in society to do their part so that we can build up our climate, food and water resilience for the future.



At the individual level, we can reduce consumption, conserve water and energy, choose more reusables, and purchase more local farm produce.



Businesses, industry leaders, unions and the Government will need to work together in the transition towards more low-carbon, circular and zero waste business models, to support our agri-food industry on a larger scale, and to build up Singapore's food security.



The Government will support workers and businesses to seize new opportunities in the low-carbon economy, enhance our food security, and work with all stakeholders to plan for a more sustainable and resilient future.

The combined impact of our collective efforts can make a significant difference and help make Singapore a more sustainable home for all.



Most Singaporeans think that individual action is too insignificant to make a difference. Rather, we should understand that consumption drives production and the collective consequence of our individual actions will come back to haunt us. Considering our next of kin and future generations, we should resolve to reduce our carbon footprint."

- Self-employed respondent from Ministry of Sustainability and the Environment (MSE) survey "Views on Environmental Sustainability (Forward SG Steward Pillar)"

Green Nation Pledge

In support of the Forward SG exercise, the Green Nation Pledge was launched in 2023 to encourage the community to take action for a green, liveable and climate-resilient Singapore. Around 23,600 individuals and more than 570 educational institutions and organisations representing over 273,000 individuals made pledges to build a more sustainable future.

Amongst them was Singapore Polytechnic (SP), which mobilised its staff and students to amass 4,029 pledges — the highest number for an educational institution or organisation. To signal its green commitment, SP has pledged to achieve net zero before 2045 — ahead of Singapore’s 2050 target. SP is also working with industry partners to roll out sustainability courses and programmes to equip students and working professionals with the relevant skills to embrace the low-carbon economy.

PARTICIPANTS

~23,600
individuals

>570
organisations representing
over 273,000 individuals

PURPOSE

To make pledges
in support of
building a more
sustainable future





Uphold Fiscal Prudence and Responsibility



Similar to our land and environmental resources, our finances, too, are finite. We need to make difficult decisions to allocate resources responsibly so we can support Singaporeans without imposing a high tax burden today, or making tomorrow's Singaporeans worse off.

We received many ideas in the Forward SG exercise. While all suggestions had their merits, we will not be able to implement all of them. We will have to prioritise our actions, ensure cost-effectiveness in public spending, and maximise the impact of our spending through effective partnership and implementation.

Government spending is about 18% of GDP today. We already expect this to increase to around 20% of GDP by 2030, largely due to rising healthcare expenditure. The changes and additional support measures outlined in the earlier chapters will likely result in further increases in government spending beyond 2030.



We will therefore have to ensure that there are sufficient revenues to cover this increase in spending.

During our engagements, there were suggestions for new wealth taxes. We have, in fact, significantly increased wealth taxes in the form of higher taxes on high-end properties and luxury cars. Beyond that, it is not easy to tax financial assets or wealth, because such forms of wealth are highly mobile. All countries face this problem, not just Singapore.



Nevertheless, we will continue to review our tax structures to ensure that the overall fiscal system remains fair and progressive.

Our philosophy is that everyone has a part to play in building our nation. Everyone contributes taxes, but those who are better off contribute more. Everyone benefits from government spending, but those with greater needs benefit more.



Singapore also benefits from a significant ballast of reserves.

The reserves have served us well as our rainy day fund; they were crucial in helping us all breathe a little easier during the COVID-19 pandemic. While many countries incurred heavy debt to combat the pandemic, we managed to avoid this by drawing down \$40 billion from our reserves. The forward thinking of our forefathers to build up our reserves helped ensure that our current and future generations are not saddled with debt from crises like the pandemic.

- ▶ Our reserves are also an endowment fund. Today, out of every dollar in the Government's annual budget, 20 cents come from the net returns on investment of our reserves.
- ▶ Without the Net Investment Returns Contribution (NIRC) from the reserves, we would either have to double corporate income tax, or more than double personal income tax to make up the rest of the annual budget.

We often hear suggestions to draw more from the reserves in order to reduce taxes, or to pay for additional programmes or subsidies.

But this would merely shift today's problem to tomorrow, as we would be saving less for the future. If our parents' generation had thought this way and left us with less reserves, Singaporeans would be paying more taxes today.

Thus, the reserves, too, are part of our social compact. We have benefited from the efforts and contributions of earlier generations of Singaporeans, and it would only be fair for us to do the same for future generations. In this way, we ensure that subsequent generations of Singaporeans will continue to have a healthy contribution to their annual Budgets. They will also have the assurance of a rainy day fund to deal with future emergencies, including the looming dangers of climate change.

We should continue to steward Singapore's resources responsibly and sustainably, thinking not just of our immediate needs but also of a better future for the next generation.



Many of Singapore's policies are about government provision but there is a limit to what the Government can provide. [Relying on government provision,] people may not be motivated to do more. We should build resilience instead of dependency on assistance."

*- Participant at the Social Policies: Talk and Dialogue with
Director-General of Social Welfare, 12 October 2022*

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It is important to consider not just for ourselves but for the future generations. I want my children and grandchildren to be able to lead meaningful lives with good jobs too. It is only right that we plan ahead.”

- Participant at the Forward SG Conversation @ East Coast, 30 October 2022



INVESTING IN OUR SHARED TOMORROW IN A SNAPSHOT

Our social compact is an intergenerational one. We have inherited a strong, prospering Singapore from previous generations.

We will need to continue stewarding our limited resources sustainably, to deal with the challenges of today, and provide a strong foundation for the future.



Manage our limited land and environmental resources

- ▶ We will continue to recycle and refresh limited land resources through schemes, such as VERS, to respond to evolving needs.
- ▶ We will work with businesses and industry partners to move towards more sustainable business models and to seize opportunities in the low-carbon economy.
- ▶ We ask that all Singaporeans — including individuals, families and business owners — do their part to adopt more environmentally sustainable practices and work with us towards a more climate-resilient future.



Strengthen our food and water security

- ▶ We are investing in our infrastructure to meet future water demand and build resilience amidst the effects of climate change.
- ▶ On food, we will continue to diversify our food import sources, build our stockpiling capabilities and work closely with the agri-food industry to scale up local production.
- ▶ We ask that Singaporean consumers and businesses actively do their part to conserve water, and support our local agri-food industry by purchasing more local produce.



Uphold fiscal prudence and responsibility

- ▶ We will continue to manage our public finances responsibly, ensure sufficient revenues to cover our spending, and keep our fiscal system fair and progressive.
- ▶ We ask that all Singaporeans continue to think long term so we leave behind a Singapore that can continue to thrive for generations to come.