

(6) CONCLUSION

FY2008 Budget Position

6.1 Mr Speaker, Sir, let me now summarise the FY2008 budget position. Before taking into account Net Investment Income Contributions, Special Transfers and the tax changes introduced in this year's Budget, we expect a surplus of \$3.2 billion for FY2008. The various tax changes I have introduced will reduce FY2008 operating revenue by \$0.5 billion. Further, the special transfers and tax rebates provided as part of the surplus sharing package this year, as well as the special transfers for FY2008 that were committed in the GST Offset Package last year, will cost an additional \$2.8 billion. Together, these tax and transfer initiatives will bring the budget balance down to close to zero.

6.2 This is before adding Net Investment Income Contributions to our revenues, and setting aside funds to top up our various endowment funds and the National Research Fund, as well as the provisions we are making for other long term needs such as V- and D-Bonuses and the L-Bonus. The net effect of these additions is to bring the Overall Budget Balance for FY2008 to a deficit of \$0.8 billion.

6.3 The Government will not need to draw on past reserves as the deficit can be fully financed by funds accumulated since the new Government took office in May 2006. Details of the revised fiscal positions for FY2007 and FY2008 can be found in [Annex D](#).

Going Forward with Strength

6.4 This year's Budget takes place amidst a time of increasing uncertainty in the global economy. Around the world, growth is slowing and inflation is picking up, especially for food prices. It is a concern for us all in Singapore.

6.5 We are able to deal with the immediate problems and weather any short term difficulties that Singapore might face. This is because our fundamentals are strong, we continue to attract major new investments, and we expect employment to remain high. Our low-income households in particular are seeing more members getting jobs.

6.6 This Budget is about developing the capabilities of our *people* and *enterprises*, so that we stay in the top league of global cities for years to come. The Budget is also about our *social resilience* – holding together as a community, and providing assurance for Singaporeans as we age.

6.7 This Budget will enhance the breadth of opportunities available for Singaporeans to *discover and stretch their potential*, from young and right through their lives. Our schools are unique in the extent of social mobility that they make possible, providing every child the best chance to do well and move up. Take Mumtaz d/o Mohamed Yusoff, 17 this year. She lives with her mother, the family's sole breadwinner, and two older brothers in a one-room flat. She receives financial assistance from MOE. In last year's GCE 'O' Level exams, Mumtaz scored distinctions in all her nine subjects. On top of that, she was also given the Tanjong Katong Girls' School's Outstanding Service Award 2007, for being a role-model of leadership through service to others. Mumtaz is now at Meridian Junior College, where she continues to strive to do well, and to aspire, knowing that family circumstance will never hold her back.

6.8 We are enhancing the bursaries for *lower and middle-income students* at our *polytechnics* and *universities*, to give them further assurance that they can advance their learning to the full, without having to incur excessive financial burdens at the start of their working lives. We are also investing in a *whole range of continuing education opportunities*, from certificates to diplomas to degrees, to encourage Singaporeans to keep upgrading and re-skilling once they are in the workforce.

6.9 This Budget seeks to *make innovation pervasive* in our economy. In every industry, we have to raise our game, and differentiate ourselves in quality and value. Chew's Agriculture, a local farm, has been experimenting with "designer eggs" over the last decade. They produce eggs enriched with Omega-3 and Vitamin E, and now the latest – eggs enriched with cordyceps (often cited for properties similar to ginseng). Together with homegrown biotech firm AP Nutripharm, they created "cordyceps eggs" by raising chickens on specially formulated feed. I hesitated to raise the example at this time as these are not the cheapest eggs. But I am told that with the price of cordyceps having increased sixfold in the past six years, the eggs represent excellent value for those who believe in its many stated benefits.

6.10 The Budget provides more favourable tax treatment for our SMEs and further encourages wealth creation. After we have amended the Constitutional framework for drawing Investment Income from our reserves, we will be able to consider further improvements to our competitiveness. We are finalising the details, and will present a Constitutional Amendment Bill to Parliament later this year.

6.11 The Government has taken major steps to help *lower-income households* benefit from our economic progress. This is why we introduced Workfare, and why we have made major changes to the CPF system, including the higher interest rates that benefit those with smaller balances. This year's Budget provides special support for the older Singaporeans, who will be among the first to join the CPF LIFE scheme, including those who are not automatically included as they have limited CPF monies but who want to participate in LIFE.

6.12 We have also focused on the needs of the lower-income group especially, when we are able to distribute surpluses. Last year's GST Offset Package which Singaporeans will continue to receive this year and over the next two years, plus this Budget's surplus sharing package, provides a significant boost to their incomes. Both these exercises also give the middle-income group support at a time when they too face higher costs of living.

6.13 Whether we succeed as an economy, and whether we remain a resilient society, however, will not depend on how much we hand out, how much we top-up each year, or how large the bonuses are. We will ultimately succeed and remain a country that all Singaporeans feel proud of, if we continue to be a place where every Singaporean can aspire, where there is opportunity to develop every

skill and talent, and where everyone does his utmost to do better and surprise with his abilities. That is how together, we will stay ahead, keep amazing the world and achieve a better quality of life for all Singaporeans.

6.14 Mr Speaker, Sir, I beg to move.