

Singapore Government Press Release
Media Relations Division, Ministry of Information, Communications and the Arts,
MICA Building, 140 Hill Street, 2nd Storey, Singapore 179369
Tel: 6837-9666

**TRANSCRIPT OF PRIME MINISTER LEE HSIEN LOONG'S NATIONAL DAY RALLY
ENGLISH SPEECH ON 19 AUGUST 2007 AT NUS UNIVERSITY CULTURAL
CENTRE**

City of Possibilities; Home for All

Introduction

Friends and fellow Singaporeans, Singapore is on the move, things look good. There's growing buzz and confidence in the air and our overall outlook is positive. The environment externally is also favourable. There's optimism all over Asia. In recent weeks, you will have seen turbulence in the financial markets globally. This may affect the US and the European economies and, in that case, it will also affect Asia over the next three to six months. But even if it does, the fundamentals for Asia remain strong and so too for Singapore.

Asean countries benefit from a strong Asia and from high energy prices. Singapore has taken over as Chairman of Asean for this year. We are focusing on making Asean stronger and more integrated so that we can keep pace as China and India move ahead. Then we can be part of this growth and will not be left behind. Our relations with Malaysia and Indonesia are good. We are cooperating with them in many areas on a win-win basis. We have some issues with both countries outstanding. You know about them. But we will deal with these issues in the broader context of our overall relationship, focusing on growth and progress for Singapore and for Asean.

Singaporeans are all over Asia, in fact, all over the world -- Southeast Asia, China, India, the Middle East, Central Asia. Even in Mongolia, we have a brewery making beer and in Brazil, we have a shipyard making oil rigs, doing very well. This is the way to thrive in a globalised world, but we've first got to secure our home base. Create the conditions for Singapore to grow, give every citizen a stake in the country's success, create a sense of security and hope, and build a nation which we can all draw strength from and a home base from which we can venture forth and seize the opportunities all around us.

To do that, we have to adapt and change. Not just once, but again and again as the world around us changes. We have to change to make our economy more vibrant and competitive, which is what we have been doing, restructuring the economy, reforming the taxes, lowering income taxes, pushing up GST, developing the Integrated Resorts, remaking our city – all to make Singapore grow. We need changes to strengthen our social cohesion, to draw us closer together despite the tidal pull of external forces which threaten to pull us apart along race and religion, along rich and poor, between winners and losers. We must never let this happen. If we can stay together, then we make Singapore our home base where we all belong. And this is the way for us to sustain our exceptional performance. This is why we're here today, because we have made these changes. So, we're sitting in a strong position. We can tackle all the difficult

problems which come our way, however difficult they may be, and we can move forward as one nation.

Income Gap – leaving no one behind

Tonight, I will focus on one major challenge for Singapore, which is the widening income gap and discuss several issues which are related to this -- education, the ageing population and housing. We know why the income gap is widening. We have discussed this many times, you've read all about it in the papers -- globalisation, technology and cut-throat competition. This is the way the world is going and Singapore is getting carried along with it. So, if we look at the spectrum, at the lower end, hundreds of millions of unskilled workers in China, India, Vietnam and there will be other countries, too, entering the global workforce holding down wages. In the middle to higher end, where you have skills -- secretaries, clerks, professionals -- IT is automating simple jobs. You don't need a typist anymore, you need an office manager. So, the premium is on education and skills. Simple things, the computer or the robots can do. If you're competing against a robot, you're in trouble. You have to have skills and the ability to do things which the computers and robots cannot do.

So, the premium on education has gone up sharply. Somebody did a study in Singapore and we found that for every year longer you go to school, you can expect your wages to go up by 14 per cent. So, six years in school, then when you go to poly or university, the increase is even steeper per year of education. So, the premium on education is very high and the ladder is there and it's steepening. But this goes all the way to the top and at the very top of the distribution, there's fierce competition. In all fields -- in sports, if you want to watch golf, you want to see Tiger Woods. Or if you want to watch tennis, you want to see Roger Federer. They are the best. If you are a company hiring a CEO, you want the best candidate and you will try very hard to get the best candidate because the second-best candidate, if he costs your company half-a-per cent in profits, for a big company, that may be several million dollars. So, you try hard to get the best. If you're looking for a lawyer to fight your legal case for you, you will want to go for the best lawyer, not the cheapest one.

So, the result is winner takes all. The top incomes are zooming up, and the gap between the top and the second highest incomes is widening. So, it's not just between the top and the middle but even at the top, it's stretching out. Tiger Woods earns US\$100 million a year -- prizes and endorsements. The Number Two player in the world -- most people here won't know who's the Number Two player in the world, which is the point -- he's Jim Furyk. He earns much less. And the Number Two earner in the world, who's Phil Mickleson, he earns about half of Tiger Woods. So, even at the top, between Number One and Number Two, the gap widens -- the best and the rest. So, at the bottom, in the middle, at the top, incomes are stretching out, but there's one more reason why income gap worries us and that is the ageing population. Many of the poor people are likely to be elderly and even working people who are not poor, if they've not provided enough for their old age, when they retire and they have no source of income, when their savings run out, they will become poor and will face difficulties.

So, this is what's happening to us. It's happening all over the world to developed economies. What can we do about it? The first overall strategy is to grow our economy, generate the resources to tackle these problems to help those in need. Without resources, you can talk, you can sympathise, you can feel the pain, you can't solve the

problem. Ageing is a very difficult problem to solve. There are no easy solutions, but I'll talk about this later at length. For the income distribution, at the lower end, we emphasize training, skills upgrading, job redesign, so as to raise the productivity of low-income workers, get them to be able to do better paying jobs, help them to earn more and this is what NTUC is doing through job redesign. In addition to this, we have programmes like Workfare where we transfer to the low income, but not without conditions, as a hongbao. On condition you work, you make the effort, well, I am prepared to match you and I will help to top up your savings a little bit towards your take-home pay. If you make the effort, we will help make your life better.

So, at the bottom we have a strategy. At the top, it's good that people are doing well. The incomes may look large, but we cannot hold these incomes down. Nor can we levy higher income taxes to tax them away because if you try to do that, particularly in a small and open country like Singapore, the talent will leave, the economy will lose vitality, and many others will suffer. And right now, we are prospering because we have brought income taxes down, because we have welcomed talent, because we have attracted businesses which come here and thrive in Singapore. So, they've done well for themselves and our economy has boomed -- 110,000 jobs created first half of this year.

But although we can't force the incomes down or tax them away, those who have succeeded have to show that they care for their fellow citizens, for example, through philanthropy. It's happening in the US. A lot of the new wealth, people who are rich, instead of just spending it or living extravagant lifestyles, they're setting up foundations, doing good work. And here, too, many Singaporeans are donating generously to good causes. So, our universities, NUS, NTU, SMU, they have received contributions, donations for endowments to many projects and the universities have a scheme to have endowed professorships -- professorships named after people and we've they've collected contributions widely. Groups have mobilized in order to pass the hat around and between the universities, they have nearly 80 endowed professorships. I think the contributions add up to a few hundred million dollars.

So, Singaporeans have been making these donations, small ones and a few big ones, too. Sometimes, we have buildings and faculties named after the donors or after the foundations. So, we have the Lee Kong Chian School of Business in SMU. NUS has the Yong Loo Lin School of Medicine and we've got hospitals named after people -- Tan Tock Seng, from long ago, recently, the Khoo Teck Puat Foundation has made a very generous donation. So, Yishun will have the Khoo Teck Puat Hospital coming up soon. Others like Mr Sim Wong Hoo have also made generous donations. More people should do this according to your means and from your heart because collectively, these individual responses make our society much more compassionate, much more cohesive.

In the middle of the income distribution, for the vast majority of Singaporeans, our policies must enable them to do well and provide them with many opportunities to move ahead along many paths. One major strategy is home ownership through the HDB. It's the best form of social welfare for citizens because it gives every Singaporean a stake in Singapore's success. I have some new plans for HDB which I will show you later.

Upgrading Education – levelling up society

Another major strategy is education. I told you just now how the payoff on education is going up and, therefore, this is the best way to level up our society. Our aim is to give every child a top-rate education. Therefore, our emphasis is on the quality of all our schools in Singapore, including all of the neighbourhood schools and not just on a few top schools. We're building a high base in all these schools, but they're not all the same. We want each one to develop its own special area of expertise and have its own passion, its own approach.

MOE has worked hard at this. I would say they have given you four "more" things. First "more" -- freedom for principals and teachers to experiment. So, you can try out new ideas. Second "more" -- resources for schools with good ideas, so that if you succeed, well, we will help you build on that success. Third "more" -- opportunities for needy students through the Opportunity Funds. And fourth "more" is more learning, less teaching.

When we first talked about more learning, less teaching, or teach less, learn more, skeptics asked, "I'm sure you will teach less, are you sure they will learn more?" But we can see it happening now because there's tremendous energy and enthusiasm in many schools. I talked to Tharman, and I visited some of these schools recently to see for myself. I'll tell you about two of them.

One is Jurong Secondary School in Taman Jurong. The students showed me many projects, but the one which I'll share with you is their DVD. It's not a disc, it's what they do -- Digital Video and Drama. Secondary school students. They learn, they master the skills, then they use this in their language classes. So, I attended a CL class, Chinese language, Sec Two. The teachers had assigned the students to read a novel. The novel was "Xiao Wang Ji", "The Little Prince". In fact, it's a French novel, but they read the Chinese version of it for a holiday assignment. After reading the novel, the students wrote a script. Then the students acted it out in the Digital Video Studio. So, complete with mikes, blue screen behind. So, you can put anything you like, not just a fixed screen like this one down here, and the students managed the cameras, the students managed the monitors, the students controlled everything. After that, they made the video, the class watched the acting and the performance. Then they interviewed the actors, which are their classmates and they asked the actors, "Why did you do this? Why did you trust that man? Why did you draw this picture" and so on and discussed what they learned in Mandarin. It's not bad. I spent two hours with the school. The students interviewed me in front of the blue screen. I felt quite nervous! Before I left, they presented me with a DVD. This is Jurong Secondary School. I think there are many others like that.

Then, I went to a primary school, Mayflower Primary School in Ang Mo Kio. Actually, it's in Yio Chu Kang, Seng Han Tong's ward now, but used to be Ang Mo Kio. I went to open it about 2000, came back to see what happened. Some of the old teachers were still there. The teachers were focused not just on grades, but on character, moral values, social skills. They've got the students to work in groups. So, all of the classrooms, you don't see rows of desks and chairs. You see clusters of desks and chairs and parent volunteers involved for many of the programmes actively. This is Mayflower Primary School in the heartlands.

The teachers are full of spirit and passion. They're committed to teaching every child. They have conviction and pride in what they're doing. How do I know? Because

several of them have school-age children and they've put their children into Mayflower Primary School and you can see the difference in the children. So, I didn't quiz the children, I quizzed the teachers. I decided to ask them, I said, "In Singapore, students are famous for staying quiet in class and they never speak up. Have you been able to get the students to speak up?" I was greatly cheered by the reply because the reply was, "The problem is how to get them to stop talking". So, they had a solution -- group work, one student wears a badge, "Noise Manager".

They put up a full-scale musical, "Our Time To Shine". I saw them rehearsing. I didn't watch the musical, but Seng Han Tong attended the musical just before National Day and he emailed me. It moved him to email me because I've said in my message that we will have a new Singapore with our own unique identity and a "can-do, never-say-die" spirit. So, Seng Han Tong heard my message and he sent me this message after watching the show – "It was by our very own Ang Mo Kio heartland neighbourhood school, Mayflower Primary School that has the same spirit of "can-do and never-say-die". I felt very proud to see many of Ang Mo Kio little boys and girls performing confidently on the stage. They acted professionally, they sang happily and they danced gracefully. I turned my head back and encountered many familiar faces. These are the parents and grandparents who might not believe that one day, their children and grandchildren could perform so well on the big stage. I saw smiling and proud faces all around. It was indeed an occasion that made one realize that Singapore is a City of Possibilities."

Many more exciting things are happening in schools all over Singapore, but this is our fundamental approach to uplift all Singaporeans. Whichever school you go to, whatever your home background, we will help you develop your talents to the full. The ladders are steep, but we will provide you many ladders to success and help you climb up as high as you can. All this depends on a very high quality teaching force, good teachers, principals, MOE staff, dedicated and passionate about teaching and this is what we have and this is what our future depends on. There are 28,000 teachers and principals in Singapore. I can't bring them all into this hall, but I've invited a few here tonight to represent all 28,000 of them and I would like them to stand, so we can salute you.

Before I move on, I'd like to talk about just one aspect of our school education and that is language skills. Many older Singaporeans can understand and speak Malay and Bahasa Indonesia, including many older non-Malays, but in the younger generation, there are too few. It's because we've made English the *lingua franca* and don't live in kampongs. We live in HDB flats and our mingling is in English. But we need more people to be familiar with the languages, maybe not totally fluent, but to chit-chat, and understand the gist without translation. So, you can "cakap-cakap", a bit more advanced, "bual-bual". If you're in Indonesia, at least "obrol". I think that's the right word. Then we can interact with our neighbours in their language, work together on opportunities and deal with whatever issues that arise from time to time.

We're not changing our mother tongue policy, but we must encourage more non-Malays to learn Malay in addition to their mother tongue. Therefore, we're going to have two new initiatives in our secondary schools. First, the Malay Special Programme to study Malay as a third language. It's there already in all the schools, but it's not very popular. So, we're going to introduce incentives to encourage more students to do the Malay Special Programme. Singaporeans like incentives, so we're going to have small

incentives -- two bonus points for JC admission and a few more things. Similarly, we'll have the incentives for non-Chinese students who are doing the Chinese Special Programme, in other words, Chinese as a third language, and hopefully, more non-Chinese will take that up, too.

We will also introduce a Regional Studies Programme in a few secondary schools, that means probably three or four of them; good schools. We will offer scholarships for this programme, probably about 100 a year. So, what will be in the Regional Studies Programme? First, the Malay Special Programme -- learn Malay as a third language. Secondly, also learn about Southeast Asian neighbours and you can have immersion visits, exchanges and so on. It would be good if one of the schools can offer Bahasa Indonesia instead of Malay and from our preliminary soundings, it looks like there will be one school which is interested.

Beyond the schools, we aim to get every student into post-secondary education and as many as possible into tertiary institutions. We've invested very heavily in our ITE, in our polytechnics, in our universities. I've shown you some of the things they've been doing. I'll give you a little more this evening. Because of our investments, we've increased the intakes year by year and we've increased the upgrading -- more students progressing from ITE to poly, more students going from poly to university, more students going into the entire post-secondary and tertiary sector. And with good schools, more and more students want to go up and want to go to university. So, this year, particularly, if you've been reading the newspapers, you will see that many parents and many students fretted about their university admission. They've got reasonable grades, maybe even above average, but not quite good enough to get into the subjects in the university which they wanted to. So, they blamed it on dragon babies, but it's not because of dragon babies. Firstly, the dragon was very small; secondly, even with more dragon babies, we actually expanded the university intake more than proportionately so that a bigger proportion go to university this year than last year. But, of course, an even bigger proportion wants to go, who couldn't get into the places they want and so, the anxieties are still there.

I think there are also many polytechnic graduates who hope to go on to get degrees. Right now, about 15 per cent of the poly graduates go on to NUS or NTU or SMU and there are many more who are getting degrees by other routes, including many who go abroad. Our estimate is maybe half the poly students eventually get a degree, in fact, quite soon after graduation and some of them go abroad because we don't have enough places in Singapore. One MP, Matthias, told me -- he visited house-to-house, met a couple who were a bit sore because their two kids did well in poly, then they sent them overseas to Australia for university education. They graduated, now they're working there, they haven't come back. So, two old folks alone at home, feeling bereft in an empty nest. I think there must be many more parents like that. So, we should expand our university places in Singapore, but we should not just do it heedlessly, willy-nilly. We should make sure that students get a good education and are equipped with valuable skills which are going to be useful to them.

We have to be careful because some countries have produced large numbers of graduates without regard for either the quality or the employment opportunities. Lots of universities, some of them paper printing machines and so, they face big problems -- graduates unemployed or under-employed. It's better not to have graduated but to

have a good job than to have graduated with a skill which is not useful and then you spend your time feeling unhappy.

Today, in Singapore, nearly one-quarter of every cohort get subsidized education in our three state-funded universities, NUS, NTU, SMU. We aim to raise this now to 30 per cent of the cohort in publicly-funded universities by 2015. We set a new target -- from now to 2015, we have eight years, we will push it up from the current 23 per cent to 30 per cent and this means we will have 2,400 more university places every year for our students. This also means that we should build a fourth publicly-funded university. I see Prof Lim Pin, the old vice-chancellor, smiling in the audience. But I think it is the right thing to do because the existing universities are already rather large. We shouldn't expand them further. We need to develop a new fourth institution with its own character, unique strengths, different from NUS or NTU or SMU; just as when SMU came along, it was not just NUS or NTU, but something different and now, it has got its own character and its own pulling power.

We may not limit ourselves to just one new institution. We could open more than one route. I've asked Lui Tuck Yew to chair a committee to study how we can expand the university sector. I've also found him an adviser to the committee, who is Dr Tony Tan, and we will decide within a year on the best way to proceed. With these changes in our schools and higher education, Singaporeans can look forward to more opportunities to receiving a first-class education -- more pathways to success.

Ageing Population – living active lives

Another factor in our widening income gap is our ageing population. We have one of the fastest ageing populations in the world. Why? Reason number one - not enough babies. I'm not discussing this anymore tonight. Nike says, "Just Do It". But the second reason is Singaporeans are living longer. I had a conversation sometime ago with Father Michael Arro. He's a Roman Catholic priest in the Church of St Teresa. Some of you may know him, a very nice old gentleman. He's been here a long time. He came from France to Singapore 50 years ago. He told me this, he said, when he first came to Singapore, his parishioners would retire at 55 and he would conduct the funeral services around the age of 60. So, about five, six years after they retired, well, they passed on. Now, he said, people retire at 62 and they live till about 80, which means about 20 years of retirement. Father Arro was spot on because after I talked to him, I went to look up the statistics and in 1957, 50 years ago, the average life expectancy in Singapore was just 61 years old. Today, the average life expectancy is 80 years old and many people will live longer than 80, to 90 or 100 and beyond.

So, I looked up some more statistics -- 90 and above, do you know how many people? 9,000 in Singapore. 100 and above? MM said "few dozens". So, I went to check. Vast underestimate. There were 500 people, aged 100 and above. I asked the registry, "Are you sure your records are up to date?" They said, "Yes, we check from time to time". So, recently on CNA, you may have watched a programme "The New Old". It featured a lady, Sister Teresa Hsu, social worker, 110 years old, still walking, still active, still visiting some of her old needy people whom she was helping. And she's not the oldest. There are some people who are older than her in Singapore. So, I said, what about people who are 120 years old? So, the staff told me, we don't know because when you reach 120, the computer assumes that you forgot to report something and

transfers you to a different file. But one day, there may well be somebody who is 120 years old and we'll have to change our computer programme.

The CNA programme, "The New Old", also showed Professor Anne Wee, aged 81. She's here with us this evening. I invited her here because of something she said. She says, "I describe myself as an OPWA -- an Old Person With Attitude. I drive, I work, I go to see students, I take care of my garden, my life, I'm fully alive to the world". And she said she aimed for a rectangular life and she explained -- a happy and meaningful life for as long as you live and when the time comes, let it be fast and painless. So, the aim is not to live forever but to have a good life and a good death -- what the Hokkiens in Singapore call "*ho see*" (好死). It's a reality which we have to face.

The Japanese have the same philosophy. They look for three major components of a happy life -- ample eating, leisurely sleeping and a quick death -- and they have special temples where people go to pray for this. It's called "*pokkuri dera*" -- temples which bless longevity and painless death and these "*pokkuri dera*" are very popular in Japan. So, the next time I go to Japan, I'll visit one.

What will Singapore be like, say, in 2020? To find out, I visited Radin Mas -- Sam Tan's ward. Radin Mas has 17 per cent of its population aged 65 and above, one in six. Singapore, as a whole, is around one in 12, but by 2020, Singapore will be like Radin Mas, one in six. So, I went for a preview. I'll show you some pictures of the preview. These are some of the people I met in Radin Mas, old folks celebrating a birthday party which the grassroots organizes for them once a month, having a good time. If you add up their years on stage, I think it's quite a big number. They stay active. The RC organises many activities, this one they're doing "*wai dan gong*", so shivering away, but not just exercise, also socializing, keeping in touch with each other.

Sam Tan organized and just started a Project Golden Service because he found all these old folks and wanted to help them to pick up skills, to do something useful and earn some pocket money. So, they did very interesting things -- calligraphy, others doing haircuts. This one, a very fancy *ketupat* and the next one, two old ladies stitching quilts in their 70s. I asked them, "Where do you do this?" They said, go down to the old folks centre, they speak Cantonese. So, I said, "You go down to sew the quilts?" So, they said, "No, no, we go down. First, we "*keng-gai, keng-gai*", that means chit-chat with our friends, socialize, then afterwards, we can sew a quilt. They don't really need to make the quilt, but it's something productive and useful for them to do together.

I also met a few and talked with a few other ladies. Two of them are here. The one in the middle, this one in black and red, is an old resident of mine from Teck Ghee. I had helped her. So, when I went down, she came down to say hello to me. She had had a rough time. She had been unwell, she'd had back problems, spinal operation, wheelchair-bound. Then, when she moved to Radin Mas, she joined a religious group, she made friends, chants and meditates daily, exercises, regained her strength. Now, she's walking again with a walking stick, as you can see. But she's active again and she said, "I have something to look forward to, chatting with my friends, thinking of new things to do, all the time getting stronger". But she asked me one very sharp question. She said, "My CPF runs out this year. What happens after that?" She's 68 years old. So, I told her "*man man lei*" -- slowly, we are working on this problem, which we will talk about later.

The other lady, you will not believe, Madam Lee Siew Lan. How old is she? She's 91. She's still working as a cleaner in Redhill Market. How did she get the job? She was friends with the hawkers, and hawkers introduced her to the cleaning contractor. So, courtesy of NTUC's job redesign programme, proper equipment, trolleys, garments and so on. So, she is productive. So, she told us, she says -- she didn't tell me this, she told Sam Tan this -- she says officially, she earns \$800, but actually, she moonlights a little bit, helping out hawkers cut vegetables, *jaga* the stalls, and she's fiercely independent. She says, "When people give me free things, I don't accept. Why, when I can afford to pay? But if they say, "Okay, you're a friend, we give you a discount", then I think okay, friends can accept kindness". So, this is the spirit you want to, not just in 91-year-olds, but in 51-year-olds and 31-year-olds and 21-year-olds, too.

I also met Madam Loke Tai Hoe, the samsui lady. She's chatting here with Lui Tuck Yew, who dressed to match! She came to Singapore -- she is now 89-years-old. She came to Singapore when she was 18. Her husband came first, brought her over. She started working as a samsui woman, finished at about 60-plus, carried on working until she was 79. She brought up ten children. Husband has died now, so, she lives with four of her unmarried children in Radin Mas.

As Singaporeans grow older, we need to give them more help. In Radin Mas, the flats are fitted out for elderly living. So, you have the panic buttons and cables to call for help, flat floors, handle bars and so on and downstairs, there's a VWO. So, social workers and RC volunteers will visit the old folks regularly, help them, look after them and all the old folks are very grateful. So, I talked to them individually and I asked them, "How do you manage?" and they all said, "*Tak Kao, Tak Kao*" because many of them are Cantonese. So, "*Tak Kao*" is "*De Jiao*" (德教). It means "Thye Hua Kwan Moral Society", which is the VWO which is looking after them. So, it's a tremendous sense of gratitude and obligation and sense that somebody cares and is looking after them. I was very happy to see that they're active, healthy, cared for by the community, but I was also worried that more and more elderly are living by themselves because the best solution is still the family. Stay with your children or at least have children staying nearby who can visit regularly and who can help you with something if you need some help.

Radin Mas is a glimpse of our future. All wards have senior citizens like this. In fact, Radin Mas is not the oldest one. The oldest one is Kreta Ayer-Kim Seng, Lily Neo's ward in Jalan Besar GRC and it has one in four residents above 65. Now, by 2020, all of us will have quite a lot more white hair and our whole society will have to make adjustments. The Government is very seized with this issue. Boon Heng is working on it full-time. I talked about this earlier in Chinese and covered several aspects, but there's one more important aspect, which is savings for old age.

REACH -- Amy Khor is now Chairman -- did a consultation exercise on active ageing. They did many forums and they got lots of feedback and she distilled it down and sent me the report. Amongst all the different feedback, two thorny issues consistently came up. One was employment opportunities for older workers, in other words, working longer and, two, having sufficient funds for old age and that means CPF savings and I want to focus on these issues next.

Working Longer – more savings for old age

The best way to be alright in old age and to have enough savings is to stay employed and to work longer because with longer life spans, you cannot retire at 55 and live until 80 or 85 or 90. As life spans go up, you have to work longer and then have not too long a period of retirement at the end of your life.

Countries around the world, US, UK, Japan, are trying to get their people to work longer and to receive state pensions later. Now, many of them are in their 60s or early 60s, they're trying to push it to late 60s. In fact, they think that they have to push it all the way into 70s, or at least until 70, but it's politically very difficult, it takes a very long time.

We also have to make this adjustment. We don't expect Singaporeans all to work till their 80s and 90s, like Madam Lee and Madam Loke, but to retire at 55 or even at 62 is too early. Lim Swee Say told us this story – he's not here tonight, he's rushing home from America and his flights got disrupted because of bad weather, so he sends his apologies, but he told us this story and, like Jurong Secondary School, I made a little script out of it. So, I will read this. Lim Swee Say on a walkabout, he said, "I talked to a resident at the market. He was healthy-looking". So, Lim Swee Say says, "How old are you?" Resident says, "72." So, Lim Swee Say says, "Wow, you're looking healthy for your age. Are you still working?" So, Resident says, "No, I retired a long time ago when I was 55." So, Lim Swee Say says, "55! Why did you retire so young?" and the Resident says, "Because I didn't know I was going to live so long!"

So, our challenge is how to get more people in their 60s working. I discussed this with the union leaders and this is also their foremost concern, how to get more people working because they tell me the workers themselves want to continue working and are putting pressure on the union leaders to work out arrangements with the employers and I think this is a tremendous plus, that they do want to work, but we need to enable them to do this and to enable more of them to do this. But how do we do that? I think that in Singapore, there are three ways -- education, legislation and incentives.

Well, let me start about education, just briefly because I've talked a lot about this before. We have to change mindsets for both the employers and the workers. We've got to get the employers to recognize the value of older workers, deploy them effectively and make the most of their abilities and strengths. Enlightened employers are starting to do this, like SBS Transit is hiring back some retired bus drivers as service mentors to guide the new drivers. The workers also have to adjust and they have to be prepared to change gears after 62, to accept lower pay and lighter work, to accept lower appointments so that younger ones can move up because otherwise, if you have the oldest ones at the most senior jobs, then our whole system will be like a mountain with greyer and greyer hair at the top of the mountain and that's not the way to be full of dynamism and vibrancy. So, companies like SingPower -- they have Senior Technicians, they retire, they're re-employed as Technicians, so somebody else can be promoted to be Senior Technicians, can move up. So, education is the first step.

The second step is legislation, to send a clear signal to employers and to the public and to the workers that we're serious about this that this is a major problem for us and we have to do something about it. People often ask, "Why don't we just pass the law, raise the retirement age? Just straightforward, you just pass a law. What the Government says will happen". But our experience shows us that what the Government says, if you say it unwisely, may not happen and just raising the retirement age may not solve the problem and may even make it worse.

Today, the legal retirement age is 62, but not everybody works till 62. Among the women, many have left the workforce much earlier -- 30s and 40s when they had children; when they set up their households, they dropped out of the workforce. Among the men, only two-thirds are working at 62. Two-thirds is not bad, but even then, one-third have retired before reaching 62 despite the legal retirement age. So, if we just raise the retirement age beyond 62, either it doesn't work and people drop out anyway, or employers say, "This is going to be a burden to me. If I'm looking at an older worker, I better not take the risk of employing him and then I may be stuck with him till he's 65". So, I think we cannot just push the retirement age up.

The better approach which we are pursuing is to legislate for re-employment -- retire at 62, but re-employ, continue working beyond 62, year to year, but continue working as long as you can. It's more flexible for both the employers and the employees; not necessarily the same job, not necessarily the same pay. It doesn't mean that you will definitely get a job, but employer has to make an offer and you take into account the worker's performance, his health, his preferences and the company's needs and both sides work out a win-win arrangement, usually year to year. This is what the Japanese have done, but they only took this step after a very long period of preparation and this is what we're going to do also.

So, we're going to pass a Re-Employment Act to take effect by 2012, in fact, 1 January 2012, and we will require employers to offer re-employment to workers to reach the retirement age, which is right now 62. As a first step, re-employment up to 65, then later, we push this up to 67. So, in other words, come 1 January 2012, the employers have to offer re-employment up to 65 years old.

So, that's legislation, but to buttress the legislation, we'll have incentives and the incentive should be to encourage older people to work and to encourage employers to hire older people, both sides. One tool which we now have to achieve this is Workfare - - Workfare Income Supplement, which we introduced this year. With Workfare, there is a subsidy. So, if a person wants to work, and the employer wants to hire him, he gets the grant from the Government. We've already tilted Workfare in favour of older workers. When we designed it, we did it so that at 35 years old, you start getting something, and at 45 years old, you get the full rate. But we can go further than that and we can have further higher tiers for the older workers in their 50s and 60s to strengthen the incentive so that when the employer looks at the worker, he calculates, between the older man and the younger man, I think the older man has this extra little edge and between an older worker and a foreign worker -- foreign worker, you pay levy, older worker, he gets Workfare. So, that's an additional leg up for the older worker.

We had planned to introduce these additional tiers for the older workers when we review the Workfare scheme after a few years, after it has been implemented and we get some experience with it. But I think this year we're making major changes, legislation, CPF -- better not wait, let's move now. So, we will push the Workfare up to have higher tiers for the older workers, starting above 55, up to double the payout for the younger workers. So, for example, a worker who's 60 years old, earning \$1,000 a month today, he will get \$100 a month from Workfare today, same as a 45-year-old. It's \$1,200 a year, so \$100 a month, ten per cent of the salary in Workfare. When we revise the scheme, we will double this to give him \$200 a month. If he's earning \$1,000, it's \$200 a month, which is 20 per cent of his salary; not all in cash, some in CPF, but it

will make a big difference because it will mean more take-home pay and more CPF contributions. It will encourage the employer to hire him and it will encourage him to go and work. These are good proposals which came up from the unions and which were recommended by the Tripartite Committee on the Employability of Older Workers which Gan Kim Yong chaired. We're implementing them now. I think it will raise the employment rate for the older Singaporeans and help them to save more for old age and this is a core part of our programme to help old people take care of themselves.

Improving CPF – building a nest egg

Now, I come to CPF. The CPF system underpins our whole social security arrangements. It's a very good system which has served us well. It's funded by contributions from workers and from employers, fully funded and not paid for out of taxes, like social security in America or in Britain. So, each person saves for his own and provides enough for his old age. It meets three key needs -- housing, medical, retirement -- which are the three key things everybody has to think about. But we have to adjust and bring the CPF system up to date. When CPF started, life expectancy was 60, 61; now, it is 80 years old. So, we need to make three changes -- firstly, improve the returns on the CPF savings. Secondly, draw down the CPF savings later so that they will last longer and thirdly, to cover the risks of living longer than expected.

The first question is how to increase the returns on the CPF savings? CPF pays interest. Right now, it's 2.5 per cent on the Ordinary Account, four per cent on the rest -- Special Account, Medisave Account, Retirement Account. Its interest rate is like a savings account in the bank, only it's better. Interest rate is higher and it's safer. It's totally risk-free, balances guaranteed by the Government. Sometimes, the returns are lower than buying shares, but sometimes, shares can lose you a lot of money and on shares, you make big, you lose big and like recently, in one week you can see your value go down 10, 15 per cent. If all our CPF members were on the stock market, I think a lot of hearts will go "*gedebok, gedebok*" every night. So, it's not part of our system. Those who want higher returns can accept higher risks, you can invest your CPF money yourself. We have a scheme, it's called the CPF Investment Scheme. But although it's called the CPF Investment Scheme, it means you invest your own money and take the risks.

I think we must improve the returns on the CPF and I think our main focus should be to help the lower- and the middle-income groups. In other words, the people who don't have so much money in the CPF. How much money do they have? Well, if you look at the active accounts, people who are working and contributing regularly - half of the active accounts have \$45,000 or less. It's not a huge amount, but it does include younger workers just starting to save. So, understandably, they will have less. If we look at just the older workers, they have a bit more, but still, if you have \$45,000 you are not poor. But I would not think it is wise to strongly encourage you to go and play the stock market. Why? First, you don't have enough savings; secondly, you may not have the expertise; thirdly, you should not expose yourself to excessive risks and, in fact, quite a number of the people who have invested on their own and bought shares have not done so very well and probably would have done better if they had left the money in the CPF.

So, what should we do? I think the solution should be to enhance the existing risk-free framework for the CPF balances. We will have the CPF Board pay higher interest, but

up to a cap. How much higher interest? One percentage point more. Where should we set the cap? We've studied this carefully. I think what we should do is to up to \$20,000 in your Ordinary Account, but taking all your accounts together, up to \$60,000. Combined – Ordinary, Special, Medisave, Retirement altogether – we will pay higher interest on \$60,000. But not more than \$20,000 of that should be in your Ordinary Account because the Ordinary Account is more liquid – you can use it for housing and so on. So, this way, more than half of the active members will get full benefit, one percentage point more on all of their balances. And you have these higher returns. You can still use your money for housing, you can still use your Medisave for medical expenses, but we will put one restriction. There has to be a catch there and the catch is you will not take out this part of the money to invest in the CPF Investment Scheme because this is long-term money and you leave it with us and we will treat it like retirement funds and we will give you the higher interest rate.

Beyond the \$60,000, we keep the status quo. For the Ordinary Account, it's the same formula as now. So, for the HDB loan rate, which I think all of you will be interested to know, will also be the same formula as now. For the Special Account, we are making adjustment to change the basis of the Special Account from the present one to a long-term rate. It will mean a little bit less now but probably more on average over the long term. But these are details which we will explain fully later. The main message is one percentage point more on up to \$60,000.

If you have more than 60K, what do I say to you? I say if you have more than 60K, you should be able to look after yourself because you have accumulated this, and you should be able to invest your money beyond the first 60K. The CPFIS is there. Have a care, take good advice, invest it for the long term, but you have enough so that if it goes up a bit, down a bit from day to day, you don't have to panic and if you take it over 5, 10, 15 years, well, you may be able to do a little bit better.

Now, one percentage point may not sound like a lot of money, but it makes a big difference. If you take a young man who starts to work today, 21-years-old, earning \$1,700 a month and then over the years, he buys a four-room flat, so he draws down some of his CPF. But meanwhile, all the money in his CPF is accumulating higher interests, year by year, one per cent more, then compounded over 35 years, by the time he retires at 55, that will mean he has \$20,000 more interest than he would have earned under the present system. That means one-quarter more interest than before. It's a lot of money. It's going to cost the Government a lot of money. It's going to cost the Government \$700 million a year just for starters and over the next probably 10, 15 years, as the CPF balances increase, members save more, I think the balances attracting this high interest will grow and the cost for the Government will grow.

How much is this? \$700 million year after year? Today, our HDB subsidy - Ministry of Finance pays HDB every year for that whole building programme is \$750 million. So, this is like one more HDB scheme. But we've done our sums carefully to make sure that this is a reasonable rate to pay on CPF balances and it is a rate which the Government can afford because it's most important. You cannot just *suka-suka* write any number. It must be properly justified and must pass muster and inspection by the Elected President, which is the way we have done it and we've briefed the President. It is the right thing to do, to help lower and middle-income Singaporeans to save enough for old age. And it's a reassurance to everyone that when you grow old, the CPF will be one major pillar to help you see through your retirement needs.

So, that's the first major change to the CPF, higher interest rate, subject to a cap and rules. The second question is how to make CPF savings last for your life expectancy, which means up to 80-years-old. Today, we already have some rules. At 55, you set aside the Minimum Sum, then you can take out the rest. Minimum Sum is going up. The rules for setting aside are getting tighter, but basically, you must aside the Minimum Sum. We settled this in the last round of CPF changes. So, my first message is – no change to the rules at 55 to what has already been settled. That remains. It was settled in 2003 and will continue. But right now, after you have put aside your Minimum Sum and put it into your Retirement Account, you start to draw down your Minimum Sum when you are 62-years-old. Monthly payments are supposed to last 20 years, but actually if you don't have enough CPF, it may not last 20 years. So, 62 plus 20 is 82. So, 62-years-old is when you start to draw your Minimum Sum and that is called the Draw-Down Age for the minimum sum.

But is 62 the right age to start drawing down? I told you what Madam Ng said to me just now and her problem. She says, "What happens when my CPF runs out?" Even with a higher interest rate which we are paying, if we start drawing down the CPF too early, the money is going to run out too soon. If we start later, the Minimum Sum will last longer. You may think that 62 to 82 is long enough, but many people are going to live beyond 82. So, if we can push off the draw-down by one year at the front end, then that one year's money which is saved and which stays in your CPF and accumulates interest, including plus one per cent for 20 years, by the time you reach the tail end of your 20 years, that will have multiplied and doubled. So, you'll have two more years' worth at the tail in order to last you longer. So, we have to make some adjustment to the draw down age because 82, on average, you may live that, but many will live beyond and I think especially many women will live beyond because the women's life expectancy will be longer than the men's life expectancy.

We are legislating for re-employment until 65. We are pushing hard for people to work into their 60s until 65. Therefore, Draw-Down Age should also go to 65 because you are working, you work till 65, when you stop working, probably at 65, then you start drawing down. If you can continue working beyond 65, well, then you get both. So, we will raise this Draw-Down Age from 62 to 65, but not in one shot – progressively over a number of years. In 2012, the Re-Employment Act will kick in and we will start to raise the Draw-Down Age in 2012 from 62 to 63 and then, every two years, we will push it up another one so it will reach 65 by 2018. So, that means if the Draw-Down Age is 65 and you draw it down over 20 years, 65 plus 20 means it lasts till you are 85-years-old, which I think is better.

How will these impact different age groups? First of all, those who are nearly 62-years-old and going to draw either tomorrow or next year, you are okay, we are not disturbing you. You will have made your plans, you may want to go on holiday, go ahead. But those who are slightly younger, that means 57-years-old and below, we will disrupt your plans just a little bit by one year. Those who are not approaching 62-years-old yet, that means 53 and below, I think you can take the full adjustment, we will push your Draw-Down Age up to 65. You have got nearly ten years to continue re-skilling and for us to change the laws, and make sure that when you get to that age it will be easier for you to find a job and work till 65. The press will carry the table tomorrow. I will not show you the table, but that is the gist of it.

I have explained this at length because I know that this is not so popular. As Straits Times did a survey last week about CPF, they asked people, "Do you want higher CPF returns?" "Yes, CPF returns are too low". "Do you want to work longer?" "Yes, we want to work longer". "Are you worried about savings for retirement?" "Yes, I am very worried I may not have enough". "So, how about delaying the Draw-Down Age?" Huge numbers said, "No!" They know the problem, but they want to draw down now. But we have no choice. People are living longer, we have to work longer and we have got to start drawing on our reserves later. Therefore, we have to start moving now; not move all the way now, but start moving now and we will get there in good time.

Of course, we also have some incentives in this and the Government knows that older workers are affected by this deferment in the Draw-Down Age – older workers meaning those who are in their 50s. So, we will give them something a little bit extra. We will pay a one-off bonus. In fact, we will have two kinds of one-off bonuses. One is a one-off bonus interest to pay into the Retirement Accounts of people whose Draw-Down Age has been pushed forward. So, from 62 to 63 to 64 to 65, if you are in the 50s age group and affected by that, we will give you what we call a "D-Bonus", "D" for "Deferment"; one-off because we are only doing this once. But if you are not pushed to 65, if your Draw-Down Age is not pushed to 65 yet, but you think you can continue working and you are not desperate for the CPF money and you want to leave it till longer so that it will last longer when you grow old, I think you also deserve something. So, we will also give you a bonus, smaller, but we will call this a "V-Bonus", "Voluntary Deferment Bonus". I did not bring the details with me today. They are in Ng Eng Hen's pocket and he will announce them when he goes to Parliament and explains the scheme.

The third question to ask is, what if you live longer than expected? This is the risk that the CPF will run out. This is what the insurance people call "longevity risk". Normally, you think of dying as a risk, but here living is a risk; financially, it is. So, the question is what do you do? We have made the problem less because when you push the Draw-Down Age and the money lasts till 85 instead of 82, well, then it is three years later into your 80s, so that is good. But quite a number of people are still going to live beyond 85, some 90, some 100; not everybody, but quite a number will. So, what happens to them? You don't want to be left destitute right at the end of your life.

Other pension schemes also face this same problem and one solution which they use is what they call annuities, which is a kind of insurance. You buy insurance, you take the lump sum, you give it to the insurance company, they invest it for you and then they pay you a monthly sum as long as you live, even to 100 or whatever. But, of course, if you die early then they stop paying you earlier and on average, it works out. In Switzerland, for example, they have a scheme like this -- individual savings go up to 65. So, it is like similar to CPF, go up to 65. When you reach 65, you take out the individual savings and you have to buy an annuity, compulsory, and then you draw the annuity for the rest of your life.

Now, our CPF also allows annuities. We allow people to take their Minimum Sum, convert it into an annuity, instead of just drawing out every month until the money runs out. It's a voluntary scheme, not a compulsory scheme, but very few people take it up. I think it is partly because Singaporeans don't understand annuities, don't understand why they need them. It is also because, frankly speaking, the returns have not been very attractive, the costs have been high. But despite these limitations, we do need

annuities as part of our old-age planning. So, we will make some form of annuity compulsory for CPF members. It won't apply immediately to this cohort about to retire but we'll apply it to people who are now below 50-years-old. So that will give us some time. We can study the problem, consult industry, educate CPF members and work out the detailed scheme. We want to have some form flexibility into the scheme so that you can have an annuity which is tailored to your needs.

These are three major changes to the CPF -- higher CPF interest, one per cent more on \$60,000; later Draw-Down Age, pushed from 62 to 65 by 2018 and compulsory annuities for those who are now below 50-years-old. I've only outlined the big picture and the key points. I've omitted many of the details. Ng Eng Hen will make a full presentation. When Parliament meets, he will make a Ministerial Statement in September. These changes will bring our CPF system up to date, but they are not going to solve our problem for all time because our needs change, our demographic trends change. We have to continually update the system and make sure it's adapted, not to today's requirements or the requirements at that time we make the change, but to the requirements 15 or 20 years beyond that. And, in particular, 65 cannot be the stopping point. We are getting there first, as an intermediate target. When we get there we will look and set a new target and the new target needs to be at least 67 both for the re-employment age and for the Draw-Down Age. And if we make these changes in good time, then we can assure Singaporeans of peace of mind in your golden years.

Upgrading & Renewal – best home for all

Besides CPF savings, one other major policy we have is housing. Housing is both to narrow the income gap and also to build a nest egg for your old age because we help you to buy a house and give you something which is valuable, which is rooted in Singapore. When Singapore grows, property values go up, your flat's value goes up and when the Government has surpluses, we upgrade your flats, neighbourhoods, new towns, and maintain the value. So, if you look at the three-room flats today, if you had bought a three-room flat in the early 1970s, it would have cost you maybe \$8,000. Today, the three-room flat is worth \$160,000, some places more. It's been a fabulous investment, you have had a house to live in, you have got a nest egg which will see you through your retirement, provided you don't cash out and go on holiday. But if you take care of it well, you have, through this HDB homeownership, you have participated in the growth of Singapore, bought shares in Singapore and backed this Singapore Inc and made it succeed.

There are three parts to this housing issue which you should think about -- the front end, helping people to buy the flat; the middle, maintaining and enhancing the value of the flat all the years you are living in it and then, at the tail end, monetizing the flat for your old age and we have policies for each of these pieces. At the front end, buying the flat is already a great privilege. Non-citizens cannot buy. If you are a citizen, you buy, but if you are a low-income citizen, we give you more help to buy the HDB flats and that's why we introduced the additional housing grants last year. If you are less well-off, your subsidy is bigger, if you are more well-off, your subsidy is less. And when we give you more subsidy, we give it to you through your CPF so that if you sell your flat, it goes back to your CPF and it's preserved either for your next flat or for old age, which I think is a good way to do it.

The additional housing grant has been a good scheme. I think we will enhance it further. Right now, the grant, maximum amount is \$20,000. We will increase the maximum amount to \$30,000. Now, a three-room flat, new from HDB today costs you about \$120,000. So, \$30,000 on that is a lot of money. We will also raise the household income ceiling for getting this housing grant. Now, the ceiling is \$3,000 for household income. We'll push it to \$4,000 for household income and that way, we'll cover about half of all the households in Singapore. So, I think through the additional housing grant, we can give more help to low-income Singaporeans buying flats.

At the tail-end, we will make it easier for people to monetize their flats to convert it into a stream of income. If you have a big flat, you can rent it out or rent out one room or you can downgrade. You have more choices. But I think the two- and three-room flats, if you live in a two- or three-room flats, which you have bought and especially if you've had only one bite of the cherry, I think you are deserving of some extra help. So, for this group, the Government will help them to unlock the value of their flats. Right now, they can sell it and move into a studio apartment, 30-year lease. But we will introduce a new alternative, a new scheme. Instead of letting you move out of the flat and going into a new place for 30 years, we will just let you stay in your flat and take back the tail of your lease and leave you with 30-years lease on your present flat. We will pay you for the tail of the lease and you get some money out, a lump sum upfront and then the rest pay into CPF, some form of annuity, monthly payments for the rest of your life. I think people who have bought small flats, people who have had one bite of the cherry, you all know what that means. This is for people who are 62 and above -- you should not be doing this if you are 50-years-old -- but 62 and above, I think we should allow you to do this. Thirty-year lease is quite long, but we are also studying what happens if it turns out that 30 years is not long enough and have some arrangement if you live longer. MND is studying this.

Today, I want to focus on this middle part of the HDB housing issue, which is enhancing the value of your home through upgrading and estate renewal and enhancing your home, enhancing your neighbourhood. We have many upgrading programmes, so many initials, but the most popular one is the LUP, Lift Upgrading Programme. We've made this a priority because of our aging population and we will complete the LUP for all the flats which can take the lifts by 2014, which is only seven years from now.

We also have schemes for private estates. I know the MPs with private estates remind me from time to time that we sometimes forget them, but we do have schemes. We have the Estate Upgrading Programme (EUP) for major upgrading works and many estates have enjoyed the EUP. But even then private estates sometime feel they are stepchildren, neglected. So, I've asked Lim Hwee Hua, who has a close interest in this because of Serangoon Gardens, to chair a committee to see what we could do for private estates and she has come up with some recommendations which the Government has accepted. First of all, we will revamp the Estate Upgrading Programme. So, we will bring together all the pieces, coordinate all the works and make one big bang, whether it's drains, whether it's lights, whether it's the streets, whether it's car-parks, whether it's parks, we will bring it together and make one good EUP with impact.

Secondly, there is something called CIPC, Community Improvement Project Committee funding, CIPC funds, which we use, advisers can use for doing, not very big projects in their own areas, but responsive to the residents' needs. It can be a playground, it can

be a little covered walkway, it can be a barbeque pit or something like that – small-scale but timely. Up to now, the CIPC has only been an HDB scheme. So, we will now extend the CIPC, same terms, to private estates. Lim Hwee Hua will tell you some more about the details later on.

Most Singaporeans live in public housing and this is HDB's mission. So, we are continually finding ways to improve our public housing and to meet new needs and expectations. So, from Toa Payoh to Ang Mo Kio to Bishan to Pasir Ris to Sengkang, each new estate has been an improvement to previous one. The next new estate is Punggol. We started Ponggol 21 in 1998. Every time, I visit Punggol, they remind me. We had to slow down because of the financial crisis. But now, the demand is picking up again. I think it is time to get things back on track, but not just back on the old tracks. We have had time to study and to improve and upgrade the plan. So, this is Punggol 21 Plus.

I will start by showing you a satellite image. This is like Google Earth from outer space. Where is Punggol? We can zoom in and this is what it looks like today. So, you can see quite a lot of empty space, not yet developed. These are the parts which have already been built. So, we will now build on that, starting by damming up the mouths of the two rivers. This is Sungei Punggol, this is Sungei Serangoon and we will dam up the mouths of the rivers so that we have a fresh water lake, like the Marina. Then we will build a waterway to join up the two rivers so that you have a water feature, big one. Then we will build, on both sides of the waterway, starting with the town centre, which is around here, on the west side, but continuing all along the water.

Now, we will fly in for a closer look. So, you can see the waterway, the roads, the houses. The best views and the best houses are the ones facing the waterway and we will show you one view from inside one of these flats. I am not selling them yet! If you look outside, it will be blue and green in lots of places because we will have trees, plants, shrubbery by the water, on top of car parks, on top of buildings, make it cool, make it eco-friendly, green, good place to live. Among the early areas to be developed will be the town centre which would be on the waterfront and they will have malls, retail outlets, food, alfresco dining by the water.

Punggol 21 is going to take some years to build because there is, I think, altogether about 18,000 flats, public, some private, but *akan dating*. You can already see something coming up upstream of Punggol 21 in Anchorvale, Sengkang, Ang Mo Kio GRC. I will show you what it is. This is Anchorvale Community Centre. Actually, it should be called Anchorvale Country Club. The CC is here, this part is a sports complex. Four swimming pools, one, two, three, four. Football field, I suppose this is a grandstand and waterway so you can have water sports. And this side, this land is not the other side of Punggol River, this land is a floating island, courtesy of MEWR and PUB's Active, Beautiful and Clean (ABC) Waters Programme. This is about to happen. It doesn't quite look like that yet, but the buildings are already up. I was there last week and had a look at it and Lam Pin Min assures me that by the end of the year, it will be working.

So, that is a preview of what Punggol 21 Plus will look like. But let me show you, go back to outer space again and show you Punggol 21 after it is built with the dams, with the houses and this is a very high resolution picture. The coastline is going to be a lot to do with the life of Punggol 21. If you zoom in this picture, something is happening on

the coastline – canoeing. So, be careful somebody is watching you from up there. We may have a promenade where people can go for a walk, bring their old folks, jog, babies...or chilly crabs at the old Punggol Point, which all of you will remember and have great nostalgia. This is something which we will bring back, alfresco dining and lifestyle. It is going to be part of the new Punggol 21 Plus -- the face of the new Singapore, a city with fun and buzz, not just in Punggol, but you can take the train, and go downtown to the IRs. But even with the fun and buzz, we must retain our present image – clean, green, and safe island. This is Singapore and it is quite important that we keep that brand recognition even as we acquire new attributes and new lifestyles. So, this the new estate.

Now, let me talk about the old estate in case you think that there is no place for old estates in Singapore. The old estates also have great potential. We are redeveloping selected sites within these estates, one by one, but where we can clear a big piece of land, then we can transform the whole area and make it like a new estate. I give you one example which will happen not too long in the future and that is Dawson Estate in Queenstown. I go back to the satellite map to show you where it is. It is in Queenstown. Just to get the orientation, it is next to the Queenstown MRT Station. This is Commonwealth Avenue, this is Alexandra Road, this is Margaret Drive. It already has had some SERs programmes which we were doing quietly. One of them has been built here. This is Forfar Heights, new SERS blocks and there are some other new developments in the area like this one here which is Clarence Ville. But as you can see, there is lots of empty space as well as a long Alexandra Canal which goes through it. So, it is not like Punggol waterway, but there is a linear feature there. We are going to start with three precincts, HDB precincts, one, two, three, and the canal, which we have covered over and are making it a linear park. So, there is enough space here for about 10,000 flats, mix of HDB and some private housing.

I will show you how the park is to look like. This is where it is and the precincts will be integrated with the park like that. These are sketches which have been put up by prize-winning architect firms, including some young, very talented architects. This is at one end of the park and I have another picture at the other end. This is public housing, not condominium. It is quite a change from what Dawson, Margaret Drive used to look like before, SIT flats, 1956. Some of you will remember it and you will also remember some of the landmarks there fondly, like the plaza near the town centre and the old wet market along Commonwealth Drive. We will keep these because it gives you a sense of history and place and we will integrate these into the new design. So, you can see the wet market doesn't look like a wet market anymore, but it will retain the memories and the character of the place. It will be like the new towns but there is something extra which will bring people back.

The third piece is the middle-aged estate. People always talk about the “sandwiched class”. This is a “sandwiched flat”, not new, not old but middle-aged. We've had two key programmes to upgrade these, the Main Upgrading Programme and the Interim Upgrading Programme. We've been doing this since 1990, 17 years now. Many residents have benefited from them. I think it's time to upgrade the upgrading programme. So, to do that, we have had Grace Fu chairing the Forum for HDB Heartware over the last year and she has received many requests and feedback. Now we have improved versions of the upgrading programmes which I will present to you.

First, the Interim Upgrading Programme (IUP), which spruces up the neighbourhood in each precinct. We will replace that with a Neighbourhood Renewal Programme. It is not just a change of name because the difference is the IUP used to be for individual precincts, but the Neighbourhood Renewal Programme, we'll get two or three precincts together, bigger area, larger scale. We can plan more and better facilities. We will still have standard items like the barbeque pits, community gardens, reflexology footpaths, covered walkways and so on, but now, we can also consider non-standard items like a street soccer court, which is very popular, or a skating park, which is also quite popular. We already have them in Bedok and Orchard. So, it can be something like this and when the children get going, I think it will be a lot of fun; quite a thrill for young people and maybe for their grandparents watching. But it is up to the residents to decide what you want. We will not decide it. We will have a budget and menu. You have a town hall meeting, residents get involved, you decide what you want for your own communities. That is the new IUP, it's the Neighbourhood Renewal Programme.

For the individual flats, we will replace the Main Upgrading Programme, which is what we now have, with a new project called the Home Improvement Programme, HIP. It is more hip. It took feedback from focused groups and the most popular requests were the practical ones. They want practical improvements within the flat -- spalling concrete, please fix that; toilets leaking, bathroom floor leaking, soil stack leaking, please fix that; entrance doors and grill gates, please replace that. So, here, I have shown you, you can see the spalling concrete here and the soil stack. These are the things which residents often bring to MPs when they come for MPS to show that their flats need some work done to them. So, with the HIP, we will fix this. So, good ceilings, good toilets, good doors. These are the practical things which people want for the Home Improvement Programme.

All of these upgrading programmes will cover many, many flats and they will be in housing estates all over Singapore. So, what I'd like to do now is to show you how all these pieces fit together. This is a map of Singapore showing all the HDB housing estates. So, you can see Tampines, Pasir Ris, Yishun, Woodlands, Jurong, Queenstown. I will first show you where the Main Upgrading Programme projects have been. Each dot is one precinct. So, we've got precincts all over Singapore and it's about 100,000 flats which have benefited from the Main Upgrading Programme. These are flats which were built in 1980 and before. About half of them already have the MUP or are in progress. The other half has not had the MUP yet. We will now bring them on to the Home Improvement Programme. So, these are the light blue dots, another 100,000 flats.

If you look carefully, you can probably see where your own precinct is. But I think that we should bring the Home Improvement Programme to a younger batch of flats because 1980 is a long time ago. The flats have grown older since then. In the early 1980s, up to, say, 1986, these were years when HDB built many, many flats every year, peak construction. Some years, we built 50,000 flats and unfortunately, I would say the QC was sometimes not quite up to today's standards. So, a lot of complaints. It's been 25 years, the wear and tear is starting to show. We've fixed it over the years, but I think what we should do is to extend the Home Improvement Programme to another batch of flats, those built 1986 and before and I will show you where they are -- 200,000 more houses will get the HIP, red spots all over Singapore, like measles but good ones.

Now, you will see that many of these red spots are in about four or five housing estates like Tampines, Hougang, Yishun, Bukit Batok and Jurong East because these were the estates which were built in the early 1980s. They are the ones which are of this age group. So, we will pilot this Home Improvement Programme with two of these estates, which will be Tampines and Yishun as pilot projects and I fully expect the pilot project to work and then we can extend it to the other flats as well. There are 200,000 flats here.

But there are flats which are slightly younger than this up to, say, 1989. I think they also should get something. So, for the Neighbourhood Renewal Programme, we will extend the age limit and push it to 1989. I will show this to you in green dots.

So, the conclusion is you have spots all over Singapore and nearly every housing estate is covered. There are a few housing estates, which are not covered, which are in darker brown -- Sembawang, Chua Chu Kang, Sengkang, Punggol, Pasir Ris. It's because they are too young, built in the 1990s and after, but their turn will come. No need for upgrading yet but provided Singapore continues to grow and we have the resources and the surpluses, we will have future upgrading programmes and we will progressively extend these to them as well.

How will our estates look like after all the upgrading? I asked HDB. They said, "I'll get our computers to show you". So, we have a video clip of what the new-look housing estate will be like. This will be a first-class living environment, greenery, water, homes coming up, integrated with it. You see the homes coming up in the background, parks, people, life, community. So, we can draw our communities closer together, foster a sense of belonging.

No other city in the world can do this, public housing that is attractive, that is affordable, that is appealing, that gives a quality home for every citizen and gives you an asset which will appreciate in value and will also provide for your old age. But in Singapore, we can do it, provided we make the effort and work hard together. Systematically, we will upgrade and renew our homes. We will remake the whole city. It will take us 20, 30 years, but eventually, the whole country will be transformed and this is what Singaporeans will call home.

It's a lot to promise, it's something which we can deliver. I think that we ought to give an acknowledgement to the people who put in the work to make this happen. First of all, the HDB, but to make the video, HDB can't do it alone. We had a very powerful team, Nanyang Polytechnic School of Interactive and Digital Media. I think my two experts are here. Can they take a bow?

Forging Ahead – go for it together

Tonight, I've focused on the widening income gap and especially on ageing. I have explained our major strategies to tackle this -- upgrading education, working longer, improving CPF; upgrading and renewing our housing estates and our whole city. I have brought them together tonight so that Singaporeans can understand the whole picture. These are difficult challenges but we will work out solutions for each one of them, one by one.

Singapore's strength lies in our people, dedicated workers and capable leaders; not just individual stars or few top bodies, but a cohesive society and a strong Singapore team.

Each person giving his best for the nation, doing things together that none of us could have achieved on our own. This is our greatest asset and this is the secret of our success.

We are all set to surge ahead. After SARS, we estimated Singapore's sustainable growth at three to five per cent. We were a little bit conservative, but we thought it was realistic. In the light of the last few years, MTI has reviewed these numbers and we've concluded that we should go for a higher target. So, we are raising our growth estimate to four to six per cent for the next five to ten years. At our stage of our development for Singapore, this is a very ambitious target. Very few countries have done it, maybe Japan until it ran into problems in the 1990s, but not the European countries not even America. But I think we can do it provided we continue to adapt, stay open, remain competitive and ride the wave. Then we will grow with the whole of Asia and not just based on what we have on this little island in Singapore, physically here. For the next few years, conditions are very favourable. We should strive to do better than four to six per cent.

The wind is filling our sails, let's catch the wind, set the course ahead and go for it. Last year, our sailors at the Asian Games in Doha came home with five gold medals. I watched the final keelboat match against India. I am sure many of you would have done so even though it was about two o'clock in the morning, Singapore time. Both teams used identical boats, but Singapore won. What made the difference? Our team, the five-man crew -- Justin Wong, Renfred and Roy Tay, Ivan Tan and the skipper, Teo Wee Chin -- their abilities and their skills, their training, their team work, their determination and their will, never give up, think coolly under pressure, battle tenaciously and prevail and they are here tonight.

This is the Singapore spirit which will see us through as we remake our nation and build our home together. Whatever the challenges, we will tackle them one by one and sail through. Over the next decade, we have a unique opportunity to transform Singapore. Together, let's make this truly a City of Possibilities and a home for all of us. Goodnight."