

Speech by Thomas Chua for the Committee of Supply on the Ministry of Manpower(MOM)

Timely review of the foreign worker policy to adapt to changing circumstances

1. Chairman, the key message of my speech today is to review the foreign worker policy in view of changing circumstances. Last year, as DPM Tharman announced the Budget statement, he mentioned a slew of measures to curb the growth of foreign labour. After enforcement, the impact, both positive and otherwise, were evident. Hence, when DPM announced that the scheduled increase in foreign worker levy would be deferred, it was a relief to many businesses. However, the foreign worker levy and quota continue to impose a heavy burden on all businesses.
2. In the beginning, the government established the foreign worker quota and imposed the foreign worker levy with these objectives in mind. One was to ensure the employment opportunities of Singaporeans, and another, because it did not want companies to go the easy way out and rely too much on cheap foreign labour. Following the rapid growth of the economy, Singaporean workers in the construction, marine

industries, manufacturing and other industry sectors are practically non-existent at the blue-collar level, and there is no longer any fear of their jobs being taken away by foreign workers. Singapore has become an ageing society. On top of this, the focus of the SkillsFuture initiative is in training up local young people in the high value-added growth industries. We can anticipate that the more dirty, strenuous and hazardous industries would have to count on foreign workers.

3. Hence, what is most troubling is the meaning behind the continued imposition of the foreign worker levy. If the purpose is in curbing the numbers of foreign workers, the stringent quota system would already suffice. If there are certain jobs which rely on the recruitment of foreign workers, paying a high foreign worker levy would only serve to increase business overheads, and erode the companies' competitiveness. This is not a paltry sum. Taking the construction sector as an example, the lowest foreign worker levy was \$180 in 2011, and the highest was \$380. By 2014, the lowest became \$300 while the highest was \$950. If the quota system could attain the objective of curbing foreign worker numbers, then could we not consider lowering the foreign worker levy?

4. Times are moving ahead; our population structure is also changing. We now have a more highly-educated population than ever before, and the foreign workforce should continue to contribute to the economic development of Singapore. We should be more tolerant in our approach towards foreign workers, and appreciate what they have done. Without their contribution, we could never have built up a beautiful garden city. We keep urging enterprises to upgrade and change their business models. However, construction sites still need skilled workers and non-skilled workers. Moreover, trained skilled workers will no longer be willing to work in manual jobs.
5. Hence, I would like to suggest that the Ministry of Manpower re-examine its foreign worker policy, especially with regard to the foreign worker levy's charges, and instead use the quota system to control the influx of foreign workers, so as to alleviate the burden on enterprises.