

**SPEECH BY DEPUTY PRIME MINISTER, MINISTER IN CHARGE OF THE
CIVIL SERVICE AND MINISTER FOR DEFENCE TEO CHEE HEAN
AT THE 2010 ADMINISTRATIVE SERVICE DINNER AND PROMOTION
CEREMONY, 30 MARCH 2010, 7:30PM AT THE PACIFIC BALLROOM, PAN
PACIFIC HOTEL**

Cabinet colleagues
Members of the PSC
Permanent Secretaries
Ladies and Gentlemen

1. First let me congratulate those officers who have been promoted, those who have been confirmed or absorbed into the Administrative Service, and those who have been appointed into the Management Associates Programme.

New Environment, New Challenges

Economics

2. The financial crisis that started in 2008 and engulfed the world in its worst recession for 6 decades has subsided. There are glimmers of growth, especially in Asia, including Singapore, where economies have bounced back strongly. There are still risks though, as the crisis has exposed structural weaknesses in the finances and financial systems of a number of countries which have yet to be resolved.

3. The crisis has accelerated the global changes that were already afoot before the crisis. The BRIC countries, particularly India and China, have grown in influence and stature relative to the established industrial countries of the G8. The world that has emerged is more interconnected and more interdependent.

4. The changes present exciting new opportunities for Singapore and our companies to venture into. While many countries are still mired in dealing with the crisis and its immediate aftermath, we have already started positioning ourselves for the challenges and the opportunities that the future will bring. Yet, there are new risks. This new world poses a number of new and complex strategic challenges. When power relationships shift, frictions can arise. As countries strive to rebuild their economies, mercantilism and protectionism can rear their heads.

5. In the economic arena, we have charted a way forward in this new world order. The recent report by the Economic Strategies Committee sums up the key economic challenges facing Singapore and proposes strategies to address them. We have to create new value and must strive to achieve economic growth by increasing productivity, rather than by increasing the labour force.

6. We must also grow a diverse and resilient ecosystem of companies, including a stronger base of local companies with the potential to be leaders in Asia. It is important that we grow the top-line for Singapore. We have to work together to make Singapore a distinctive global city and an endearing home. This is not just an economic imperative but a key social objective that is necessary to root Singaporeans to Singapore.

Human and Environmental Security

7. Against this backdrop, we must not forget that we will continue to be challenged by non-traditional threats such as pandemics and terrorism. While countries have become better at countering specific known terrorist threats, militant individuals and groups, and their tactics continue to evolve and adapt in often unexpected ways.

8. The recent Copenhagen summit brought home the fact that climate change is one of the key challenges of our time, and is one that cannot be easily solved. While no binding international legal framework currently exists, Singapore has pledged to reduce our greenhouse gas emissions by 16% from the 2020 business-as-usual scenario. The sooner we start taking the necessary steps, the more smoothly we can ease in the changes needed, and the readier we will be when new environmental requirements and standards are internationally mandated.

Whole of Government

9. All these complex challenges and potential opportunities for growth require us to stay focused on our long term goals yet be flexible and adaptable enough to switch strategies when the need arises. The Public Service must continue to work with the public and people sectors and more importantly, build on its strength and our competitive advantage of working as one networked government. This is because many of the issues that we will have to deal with cut across agencies. We must not take this ability to work with a whole of government approach for granted. Visitors who come to study the Singapore governance model and what makes the Public Service tick, have often shared that we are fortunate to have officers and organisations willing to look beyond their immediate mandate and responsibilities in their quest to do the right thing and improve services and service delivery.

10. I am glad to see that the whole-of-government movement, World.Singapore, which began in 2006 to look at new, breakthrough ideas to transform Singapore, has made good progress. Action teams, headed by permanent secretaries, examined strategic initiatives that could open up new opportunities for Singapore. One outcome is a new International Organisations Programme Office in EDB, which is a single point of contact focused on attracting premiere international organisations to Singapore. Since its set up, we have

managed to double the number of International Non-Profit Organisations to over 90 in Singapore today. One example is the International Baccalaureate Organization (IB), which has chosen to locate one of three global centres in Singapore. Another example is the International Rice Research Institute (IRRI), based in the Philippines, one of the world's oldest and largest international agricultural research institutes. This Institute is setting up the International Rice Research Institute Fund in Singapore to raise funds and form partnerships in the private sector across Asia.

11. Working in a whole of government way goes beyond specific projects; it should infuse how we think about our work and the way we work, including in delivering services to members of the public. Administrative Officers as the leadership *corps* in the Public Service play a critical role in leading the way in this.

12. The emerging challenges and opportunities, internationally and locally, also point to the need for Public Officers to better understand the environment that we operate in. The best run organisations in the world today recognise the need for new capabilities and competencies so that they can keep ahead and thrive. The Singapore Public Service should be no different.

New Capabilities and Competencies

13. Organisational capabilities and individual competencies take time to develop or to change. This is especially when deep expertise is required, or when competencies require extended periods of immersion to develop. We must recognise capability gaps in good time, anticipate new needs, and take steps early in our capability development plans. At the same time, the Public Service needs to train itself to be nimble, to design and implement policies that address the needs of the people, and to change when change becomes necessary. We might even have to unlearn things that we have learnt in the past.

14. I am glad to see that the Civil Service College has been looking at building these new competencies that will prepare the Public Service for the future. It is developing five areas of organisational capability and individual competencies. Let me elaborate on each of them.

(I) Economic Thinking in Policy Analysis

15. First, sound economic thinking is vital for Public Officers to formulate good policies, whether in taxation or traffic management or responding to climate change or health insurance needs. A good grounding in economics helps to ensure the optimal use of limited resources, and helps shape the behaviour of consumers and service providers.

16. There are numerous areas where our policies already reflect the appropriate use of economic considerations to encourage efficient outcomes.

17. One recent example is the way we design the Workfare Income Supplement (WIS) and the Skills Programme for Upgrading and Resilience (SPUR). Careful implementation and a balance between the two programmes is required to provide income support for low-wage workers, while making sure that we encourage rather than inadvertently discourage, skills upgrading and salary enhancement.

18. Another area where economic thinking is critical is the way we finance healthcare. The principle of co-payment incentivises citizens to take care of their own health, and to be prudent in their healthcare consumption decisions. Our system of government subvention, individual medical savings, and Medishield also ensures that healthcare financing in Singapore is economically efficient, fiscally sustainable, and socially equitable. Because Medishield focuses on pooling risk for major hospitalisation episodes, it can provide cover at a relatively low cost for a large proportion of the population. As the US healthcare debate shows, getting the economics of healthcare right is critical to finding a good solution.

19. An important field of economics is that of behavioural economics, where psychology and insights about human cognition are brought to bear on the study of economics. This is a field that holds promise for advancing policymakers' understanding of the likely impact and result of their policies. While conventional economic analysis starts with the assumption that humans are rational agents, behavioural economics tells us that human beings do not always act in a completely rational manner, and are often subject to cognitive biases such as loss aversion, present-biased preferences, status quo bias, overconfidence, disaster myopia, and confirmation bias. These biases suggest that policymakers can improve policy outcomes by paying more attention to the way policies are designed, framed and presented to citizens or customers. Behavioural economics also suggests that we should take into account the role of social norms in shaping behaviour. For instance, in trying to get Singaporeans to behave in environmentally-friendly ways, we cannot rely only on incentives – taxes and subsidies. We also have to shape public norms, attitudes and behaviours through public education and other non-pecuniary ways.

20. In the aftermath of the global economic crisis, Singapore's experience in finding the right balance between state and markets, between government regulation and private enterprise, is an important strategic asset and a source of competitive advantage. Not only should we teach our own civil servants these insights and experiences, but we should also use Singapore's policy examples to influence the global debate on the appropriate state-market balance.

21. In this context, I am glad to note that the Civil Service College established the Centre for Public Economics (CPE) in November 2008 to provide policymakers with practitioner-orientated, policy-relevant economics training in a systematic way.

(II) Building Strong Institutions

22. Second, building strong institutions. Over the years, Singapore has built up a reputation for good governance and excellence in public service delivery. International agencies have consistently rated Singapore highly for our efficiency, rule of law and lack of corruption – all of which reflect the underlying strength of our institutions. As Public Officers, you need to have a firm understanding of institutions, as well as the skills to build institutions in the future. Institutional capacity is particularly important as the Public Service workforce becomes increasingly transient. People come and go – but good institutions last.

23. The test of a sound institution is whether its culture and good practices are so deeply embedded that they can endure beyond the leader who put in place those good practices. A good public sector leader must be someone who builds up his organisation's capabilities, puts in place robust systems and processes, and helps to develop the organisation's resilience and adaptability. And in discharging all of these responsibilities, the most important legacy of all that a leader leaves behind is the people whom he has nurtured and developed in the organisation who collectively embody the core of the institution.

24. To support our efforts to build strong institutions, the Civil Service College's milestone programmes for current and future leaders will emphasise the leader's role in capability development and culture-building. This will require a sustained investment in our potential leaders and the results of this effort – in terms of superior organisational performance and resilience – can only be seen over the long-term.

(III) Innovations in Governance

25. Third, innovations in governance. I have met many people outside Singapore who have often complimented us as a people who are unafraid to take bold and sometimes creative solutions to our national challenges. Singapore's approach to governance has been one that is mostly not ideological, but largely logical. We are relentlessly pragmatic: we draw from various models, synthesise and adapt them to the local context, and are never too concerned about the ideological pedigree or purity of these ideas. When the situation calls for it, we have eschewed conventional wisdom, or the politically correct, and sought out innovative solutions.

26. The outcomes surprise many visitors, but have become so routine that they often cease to surprise us. How is it possible that we are a petrochemical centre when we have no oil or gas; how do we build water supply systems for others when we do not have sufficient water resources ourselves?

27. Among our many policy innovations are our extensive public housing programme, our industrial policies, the CPF system, the COE system and ERP,

urban and environmental policies emphasising sustainability, and even fighting obesity - well before these issues became fashionable. But innovations, however brilliant, can become obsolete if they do not keep up with their constantly evolving operating environments.

28. As Administrative Officers, you must foster a culture of innovation within the Service. Since the mid-1990s, the PS21 movement has put in place a philosophy, systems and structures for individual public officers to initiate change, improvement and innovation from the ground up. PS21's ground-up nature needs to be complemented by strong leadership to foster the right environment for ideas to flow. At the same time, leaders must also trust their staff to make the right decisions, and to possess the judgment to know when and how to take calculated risks with untested ideas.

(IV) Management in Complex Environments

29. Fourth, management in complex environments. The events over the last decade (e.g. the 911 attacks, SARS, the H1N1 pandemic, the near collapse of the world financial system etc) have shown us how the unexpected can spring big surprises and shocks on us. While no one could have possibly anticipated all these events, or the discontinuities yet to come, it does not mean we should not try. Singapore has a reputation for being forward looking. We are one of the few countries in the world that has the capacity and ability to think long term because we have the political stability to enable us to do so. And we must continue to build on this capability.

We must not be so preoccupied with present problems that we do not devote sufficient time to thinking strategically about the future, and we cannot be so wedded to our old assumptions that we fail to see new and emergent patterns.

30. For almost 20 years, scenario planning has been a key part of our efforts to understand and plan for the future. We look at driving forces that can change the environment we operate in, surface our explicit and implicit assumptions behind policies and challenge entrenched mindsets. Scenario planning has helped us to make better sense of emerging strategic threats and opportunities.

31. In 2004, we initiated the Risk Assessment and Horizon Scanning (RAHS) system to complement scenario planning. RAHS is a computer-based suite of methods and software, designed to help analysts detect and investigate emerging strategic threats and opportunities over a two- to five-year horizon. It has provided us with tools to examine complex issues where cause-and-effect relationships are not easily discerned.

32. To build on scenario planning and RAHS, we recently set up the Centre for Strategic Futures or CSF, a new unit in the Public Service Division. The CSF will be a centre of expertise to drive the development of public service capabilities in preparing for the future, and in addressing emerging strategic challenges and opportunities. The CSF aims to develop insights into future

trends and discontinuities, cultivate capacity and instincts to manage strategic surprises; calibrate strategic thinking for long-term policy planning and implementation; and surface emerging risks and opportunities as input to agencies' decision-making. The Centre is overseen by an advisory board chaired by Head, Civil Service.

(V) International Relations and Negotiations

33. Finally, in a highly globalised world where events in one country or region can have repercussions worldwide, it is essential for the Public Service to have a global outlook and be equipped with the sensitivity and skills to navigate international relations. It is no longer the case that the task of navigating foreign relations is left to MFA and MTI. In an interconnected and interactively complex world, all ministries have to be adept in international relations. This requires public officers to have skills in lobbying and negotiation, to cultivate overseas networks inside and outside of government, to understand the psyche and peculiarities of other cultures, and to be able to adapt quickly to new environments.

34. Two particular areas that we need to focus on are engaging emerging economies and international organisations.

35. PSD launched the Overseas Development Programme in July 2009 to train and develop China-ready officers in the Public Service. This programme has created opportunities for officers to develop the relevant competencies through a period of immersion in China and being involved in China-related work. We already have 18 officers on this programme. There are other key countries and regions for which we need to develop our officers to facilitate engagement.

36. In order for us to deepen our engagements with International Organisations, there must be at least some public officers who understand intimately how these organisations function and grasp the dynamics involved. We could attach or second them early on in their careers to such organisations so that when the opportunities arise in future, they will be ready to contribute more effectively at higher levels in future.

37. By emphasising these five core organisational capabilities and individual competencies in their courses, I believe that CSC will be able to help develop a *corps* of visionary, high-performing, bold and committed Public Sector leaders and officers that will meet Singapore's future needs.

History of the Public Service

38. I have just spoken about the challenges of the future and how we should work at meeting them. It is not our nature to remain content with the status quo and rest on our laurels; we should always look ahead. But even as we think

about the future, we must not forget about the past for we can learn many things from the past as well.

39. As part of building a sense of belonging to this institution called the Public Service, PSD introduced the Public Service Week which was launched in 2008, along with the Public Service Pledge. The Public Service Week is now entrenched as an annual event where we remember our roles as public officers and celebrate our efforts in helping to advance Singapore.

40. PSD has also been working on a book to capture the 50-year history of the Public Service - from the time Singaporeans took over the Service from the British in 1959. I think it is timely to share the story of the 120,000 public officers serving in the ministries, statutory boards and government departments. I had a sneak preview of this 256-page book which comes with a rich selection of historical photographs. The story will be told through the voices of the many officers who have played a part, big and small, in shaping it. I am told that the book is going into print even as we speak, and will be ready for your reading in a couple of months.

Conclusion

41. The Public Service book is our link to the past, the valuable lessons it can offer. The stories of pioneers who built institutions that have grown from strength to strength, and of the generations of public officers who collectively worked with the political leadership in the struggle to shape Singapore since its independence, are worth remembering and emulating. May they be an inspiration for the present and the future *corps* of public officers even as we the build organisational capabilities and individual competencies necessary to meet the future we are charting for Singapore.

42. May I end by thanking all of you for your good work in the challenging year that has just passed, and wish all of you a fruitful and fulfilling year ahead.

43. Thank you.