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**Friday
4th March, 2005**

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PARLIAMENTARY DEBATES SINGAPORE

OFFICIAL REPORT

TENTH PARLIAMENT

PART I OF SECOND SESSION

VOLUME 79

Friday, 4th March, 2005

The House met at 12.00 noon

PRESENT:

- Mr SPEAKER (Mr Abdullah Tarmugi (East Coast)).
- Mr Ahmad Khalis Bin Abdul Ghani (Hong Kah).
- Dr Ahmad Mohd Magad (Pasir Ris-Punggol).
- Mr Ang Mong Seng (Hong Kah).
- Dr Balaji Sadasivan (Ang Mo Kio), Senior Minister of State, Ministry of Information, Communications and the Arts and Ministry of Health.
- Mr Alexander Chan Meng Wah (Nominated Member).
- Mr Chan Soo Sen (Joo Chiat), Minister of State, Ministry of Education.
- Mr Chay Wai Chuen (Tanjong Pagar).
- Mr Chew Heng Ching (East Coast), Deputy Speaker.
- Mr Steve Chia Kiah Hong (Non-Constituency Member).
- Mr Chiam See Tong (Potong Pasir).
- Assoc. Prof. Chin Tet Yung (Sembawang).
- Mr Charles Chong (Pasir Ris-Punggol).
- Dr Chong Weng Chiew (Tanjong Pagar).
- Mr Arthur Fong (West Coast).
- Mr Cedric Foo Chee Keng (West Coast), Minister of State, Ministry of Defence and Ministry of National Development.
- Mr Gan Kim Yong (Holland-Bukit Panjang).
- Mr Andy Gan Lai Chiang (Marine Parade).
- Dr Geh Min (Nominated Member).
- Mr Goh Chok Tong (Marine Parade), Senior Minister, Prime Minister's Office.
- Mdm Halimah Yacob (Jurong).
- Mr Hawazi Daipi (Sembawang), Senior Parliamentary Secretary to the Minister for Education and Minister for Manpower.
- Mr Heng Chee How (Jalan Besar), Minister of State, Ministry of Trade and Industry.
- Assoc. Prof. Ho Peng Kee (Nee Soon East), Senior Minister of State, Ministry of Law and Ministry of Home Affairs.
- Mr Inderjit Singh (Ang Mo Kio), Deputy Government Whip.
- Ms Indranee Rajah (Tanjong Pagar).
- Prof. S Jayakumar (East Coast), Deputy Prime Minister and Minister for Law.
- Mr Khaw Boon Wan (Tanjong Pagar), Minister for Health.

Singaporeans valuable in our international diplomacy?

Overseas Property

Prof. Ivan Png Paak Liang (Nominated Member): Sir, the Ministry's development budget includes over \$40 million in each of FY 03 to FY 05 to purchase overseas properties. I do understand the need to house embassies and consulates. However, we always have a choice of lease or purchase. Would the Ministry please, first, clarify how much real estate it has acquired in foreign countries, and how much it plans to acquire in the future; and, second, report the gains and losses accruing from all foreign real estate from the time of purchase until the present date in Singapore dollars?

The Minister of State for Foreign Affairs (Mr Zainul Abidin Rasheed): Sir, first, allow me to thank the honourable Members for their interest in Singapore and MFA's work in the UN and International Organisations.

Singapore continues to play a key role in International Organisations such as the UN. We believe that the UN is an important component of the international system, upholding the rule of international law and safeguarding the rights of small and large states alike.

Singapore remains active in various international organisations and forums, such as in the UN, the International Maritime Organisation (IMO), International Civil Aviation Organisation (ICAO) and World Trade Organisation (WTO). In the case of ICAO, Singapore has been re-elected to the Council in 2004, and that is its highest decision making body. In telecommunications, the InfoComm Development Authority (IDA) represents Singapore at key meetings of the International Telecommunications Union (ITU), the principal international organi-

sation dealing with telecommunication issues.

Singapore also chairs the UN working group that is working on a treaty to harmonise laws relating to contracts entered into by electronic means. Such a treaty will promote international trade by removing uncertainty on the legal aspects of matters such as Internet sales.

On environmental issues, Singapore supports UN initiatives like the UN Framework Convention on Climate Change, which we are party to since 1997. Although Singapore has yet to accede to the Kyoto Protocol, we are committed to becoming more carbon efficient.

Mr Chay asked how the UN and other international organisations view Singapore's contribution in international affairs. In fact, whenever I go round visiting other countries and meeting foreign dignitaries, one thing that clearly comes out in conversation is that they always ask about Prof. Tommy Koh, and they are reminded about his contributions at the UN and also at the Law of the Sea Conference, and many other officers like Kishore Mahbubani and Prof. Jayakumar. They all have made their mark when it comes to serving at International Organisations. I believe that these International Organisations view our role positively. We do what we can within our resource constraints. Our guiding principle continues to be to focus efforts in areas where we believe we can make a meaningful contribution.

Our recent contribution to the tsunami-related humanitarian efforts is one good example. We were the first to arrive at the affected areas to provide immediate relief and to open up the transport routes before the bulk of international assistance arrived. We worked closely with the UN specialised agencies, and offered them the use of our

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[Mr ZAINUL ABIDIN RASHEED]

air and naval bases as well as military assets on the ground. Various UN officials, including the Secretary General, Mr Kofi Annan, and the Under-Secretary General for Humanitarian Affairs, Jan Egeland, have expressed appreciation for our efforts.

In fact, in a recent letter to the Prime Minister to thank Singapore for its contributions, the Secretary General wrote, and I quote:

"Your Government responded ... magnificently, and provided the critical support required to sustain the United Nation's effort on the ground, particularly in terms of logistics, civil-military liaison and coordination."

1.45 pm

Singapore's cooperation with the World Health Organisation is another example of our positive relations with key International Organisations. Our effective handling of the SARS crisis in year 2003 have been noted and praised by various WHO officials. Last year, MOH collaborated with the WHO to host an international seminar on the public management of communicable diseases. That Singapore was chosen as a partner and venue for the seminar speaks for itself.

Sir, we, as an open economy, are heavily dependent on international trade. Singapore strongly supports an open rules-based multilateral trading system under the WTO. Our FTAs complement and strengthen the multilateral trade liberalisation process and do not contradict the WTO regime since they are WTO-consistent and WTO-plus. We see a dense network of intra-regional and cross-regional FTAs as facilitating free trade both at the regional and global levels. It provides better immediate market access and, we believe, improves the dynamics at the WTO towards concluding the Doha

Round by injecting a greater sense of urgency into the negotiations.

Our FTAs serve to expand our economic as well as political links. As a small country in Southeast Asia, our network of global FTAs helps put us on the world map. Our FTAs with the US, Japan, Korea, EFTA, Australia, NZ and Jordan are testimony to this fact. We want to ensure that Singapore is well plugged into the world of trade, finance, tax, transport and telecommunications. We will continue to forge these links, spanning the world. Our FTAs have created greater access to major and emerging markets for our companies. Companies anchored in Singapore can and should tap into this extensive network of global connections. This will reinforce our position as a strategic hub for business.

One of the major trends of this century, I think, as we all know, is regionalism. The Americas are coalescing with NAFTA and the FTAA as the core while Europe is engaged in an unprecedented experiment of pooling sovereignties. East Asia is also moving towards regionalism, although in a looser and less institutionalised form, as patterns of trade, investment, production decisions and a web of FTAs slowly but, inevitably, bring the region together.

The basic question we face is defining the nature of East Asian regionalism. We believe that it should be inclusive, forward-looking, adapting to and co-opting new developments in its midst, not least of which is India's rise. It is in Singapore's and ASEAN's interest to encourage deeper engagement of all the major powers. An outward-looking and open East Asian regionalism will help secure Singapore's economic as well as political future for the long-term.

On the question raised by Dr Warren Lee on how we can take advantage of goodwill following tsunami and inter-regional cooperation, I think Members are

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aware of the reply I gave on 18th February in Parliament to MP Mdm Halimah Yacob's question on assistance to Aceh. Work is in progress. We have spoken about the relief efforts of the SAF and non-Government organisations, such as the Red Cross Society (SRCS) – apart from Indonesia, the SRCS has also sent relief missions to other tsunami-affected areas. As these countries begin to enter into a reconstruction phase, the Red Cross Society now leads a committee comprising representatives from various NGOs to ensure that the funds collected from the public are properly disbursed for the reconstruction projects. Among the planned projects are the rebuilding of schools, clinics and hospitals.

As we begin to implement the reconstruction projects for Indonesia, Sri Lanka and Maldives, Singapore will continue to work closely with these countries. I am confident that, through this close interaction, we will strengthen our warm relations with these countries and foster new opportunities for co-operation.

Sir, on the question of properties which we lease or buy overseas, we thank Prof. Ivan for that interest. We take various factors into account in our decision to lease or buy overseas properties. When good opportunities come by, we must be prepared to acquire such properties, particularly in countries where we have significant interests. For example, our Official Residence in London, which we at first rented from 1968, but was bought over recently at below valuation. Members may also like to know that this residence also happens to be the former residence of Earl Mountbatten. So it has also historical significance.

Generally, our preference is to lease when we set up a new overseas mission as time is needed to assess our long-term requirements. However, when our long-term requirements have been established,

our preference is to own them, where local conditions permit, because it gives us greater flexibility. MFA currently owns a total of 135 properties in 23 countries. But remember we have relations with more than 160 countries all over the world. In addition, it leases 117 properties in these countries. Our development cashflow is in the region of S\$40 million per annum between FY 03 and FY 05 and comprises about 35% for purchases and 65% for development and upgrading of existing properties. Currently, 19 of our embassies and consulates are housed in owned properties while the remaining 18 are housed in leased premises. In FY 05, MFA intends to acquire three properties to house two embassies and one consulate.

The sale of overseas properties is governed by guidelines issued by, of course, MOF to ensure that the disposals do not constitute a draw on past Government reserves. The purchase of overseas properties is also governed by guidelines issued by MOF to ensure that purchases are at fair market value. There are also procedures to ensure that leases are contracted at fair market rent.

Finally, in the last five years, the total sale proceeds accruing from the sale of overseas properties was S\$36.8 million, and it exceeded the total acquisition cost of S\$12.5 million.

As we all know, diplomacy and foreign relations are more than just a matter of good bargains, good opportunities for better relations all round is our mission.

The Chairman: We have about 10 minutes. Any further clarifications? Yes, Dr Ong.

Dr Ong Chit Chung: Sir, can I ask the Minister for clarification on the proposed Singapore-Indonesia extradition treaty? I want to ask the Minister whether he is aware that many Indonesian businessmen invest in Singapore, put their funds in

[Mr LOH MENG SEE]

into a world-class art gallery. I think for the Government to allocate these precious monuments for the art gallery is exemplary.

In November last year, Minister Lee Boon Yang laid the foundation stone for the redeveloped National Museum of Singapore and this will be due for completion some time in 2006. I read with interest the kind of arrangements laid out and activities in store for this National Museum and perhaps the Minister can elaborate for us what we can expect.

In time, we will have quite a number of museums with exhibition facilities in Singapore. The other notable ones are the Singapore Art Museum, Asian Civilisations Museum and others. We will need to have a lot more visitors to make the investment in these museums worthwhile. I would like to know what are the innovative ways that the Ministry can bring in the crowds and traffic to the cultural venues.

I would like to ask the Minister to share with us their plans for the art gallery at the former Supreme Court Building and City Hall and how this would tie in with the other major museums and the exhibits displayed. How can we develop a distinctive Singaporean and the values and aspirations we share as a nation and have them portrayed in our cultural facilities? In promoting cultural diplomacy, as Prof. Chin has alluded to, the Singapore Season in London and the other exchanges with other countries, how can we involve more Singaporeans so that they can benefit in broadening their horizon and perspective in the field of the arts and translate them to better appreciation of the arts and enhancing their quality of life?

Prof. Ivan Png Paak Liang: Sir, the Ministry plans to convert the Supreme Court and City Hall buildings into a world-

class art gallery. With all due respect to my hon. colleague, Mr Loh Meng See, I worry about this. Does our museum attendance really justify expanding the museum? The *New Paper* proclaimed that our new museum will have 11,000 square metres of space, rivalling London's national gallery which is only 10,500 square metres. But do we have a collection to justify this bigger space? Let me echo my hon. colleague, Mr Alex Chan. It is not true in this area that we build it and they will come. This does not work for museums. Let me share with Members the attendance at the Singapore Art Museum. In 1998, it was 183,000. Every year thereafter, it fell to a low of 127,000 in 2002. It recovered slightly to almost 150,000 in 2003.

Before we commit the Supreme Court and City Hall buildings, I ask the Ministry to please compare the attendance per square metre of space at our Art Museum with major art museums in other leading cities. Can we really justify this use?

Arts School

Mr Seng Han Thong: Sir, the Arts School for students aged 13 to 18 was announced last year. May I ask the Minister to update us on this project?

Sir, with a growing and more vibrant local arts scene in Singapore, parents now see that there is good future for their children in the arts. Will the Government do more to encourage greater interest, education and participation in the arts in Singapore?

I believe that the interaction, influence and exchange of creative ideas and energies between local and foreign students in the Arts School would result in a Singapore-trained artist getting more value-added experiences and multi-cultural perspectives. May I know what are the intake criteria of the Arts School for both the local and foreign students, and how

[Dr LEE BOON YANG]

Looking ahead, MICA has several new projects to involve more Singaporeans and to broaden their interest and appreciation of the performing and visual arts. One new project is the Singapore Art Show, scheduled for September of this year. This is an art exhibition for both outstanding and up-and-coming local artists to showcase their latest works from various genres and media. We are also planning a River Arts Mart to provide a platform for creative and artistic talents to showcase and sell their best original arts and crafts. Next year, the inaugural Singapore Biennale, which is an international visual arts event, will enhance Singapore's presence in the regional and international arts scene. It will serve to plug Singapore into the international art circuit and enhance our status as a Global City for the Arts. NAC will continue to deliver an improved programming at our annual Festival of Arts and collaborate with partners to present new events in performing arts. I understand that, for this year's Arts Festival, NAC has made special arrangements for advance booking for their key performances, such as "Swan Lake" by the Royal Ballad of UK and a concert by the Philadelphia Orchestra. They had put out tickets for these events for advance sale. I have been told that tickets have been selling very well. In fact, for these two particular events, I have been informed that about 60% of the tickets have already been pre-sold. So you can see that, obviously, there is a demand and there are many Singaporeans who are interested in the arts. They are prepared to pay to attend such performances and they will continue to support such performances.

Let me now turn to MICA's plan to transform the City Hall and Supreme Court Building into a major art gallery. I thank Mr Loh Meng See and Mr Zainudin for their support of this proposal. This gallery will reflect Singapore's artistic

development and achievements. More importantly, it will enable us to showcase the works of artists who had made an impact on the development of art in our journey to nationhood. This new gallery will enable us to present our extensive collection of South East Asian art. We will also be able to devote significant space to host major international arts exhibitions to reinforce Singapore's position as an arts hub in the region. By locating the new art gallery in these two very important and historic buildings, we will also be making them more accessible to Singaporeans. Through such visits, many more people will better understand the historic events which took place in and around these buildings. Like the Musee D'Orsay in Paris, cited by Mr Zainudin, and the Esplanade, mentioned by Mr Loh, the new art gallery has great potential to be another inspiring cultural icon for Singapore.

Prof. Ivan Png questioned whether we need another museum. I agree with him that, in a cultural institution, it is not a question of building it and people will come. It is building, providing the facilities, having the infrastructure and making the effort to attract an audience. One cannot presume that people will turn up on their door step. As I explained earlier on, that philosophy underpins MICA's arts and heritage programme, that means, we have active outreach programmes to reach out to our people and the community to tell them about what is going on, to encourage them to come and visit, to interest them in the events that are taking place in our museum and various arts venues.

I believe Prof. Ivan Png asked about the attendance in terms of per square metre of space, how does it compare with well-known major art museums elsewhere. I am glad to inform this House that if we take Prof. Png's measurement, actually we compare quite well. The Singapore Art Museum received 172,771 visitors in 2004, which means 115

visitors per square metre of exhibition space. This is higher than, say, the National Gallery of Australia which, by the same yardstick, had 53 visitors per square metre and the celebrated Musee D'Orsay in Paris had 103 visitors per square metre. Yes, of course, we are still below that of the New York Museum of Modern Art (MOMA). Before its closure for renovation, the MOMA in New York received 152 visitors per square metre. That is the target that we should be shooting for. Here, I would like to point out that, although Prof. Png mentioned that visitorship to the Singapore Art Museum has been falling, I think this must be seen in perspective. It did come down some years. But the visitorship to the museum could become lumpy because of the ability and capacity to mount major international exhibitions. That is why from year to year, there can be a significant difference. I would expect, like this year, we have got an increase in visitorship compared to last year because we have mounted an exhibition of "Ju Ming". We also have got the ongoing Botero exhibition and Russell Wong, our celebrated Singapore photographer. So we have attracted a lot more visitors. So there is certain lumpiness in the visitorship. We have to look at it on a more long term basis. It also become a chicken and egg question. If you have a very small museum, you are not able to mount a major exhibition, then you are less likely to succeed in attracting a big crowd.

So I like to point out that the Singapore Art Museum is in fact a very small museum – just 1,500 square metres of exhibition space, compared to the 17,500 square metres in the Musee D'Orsay in Paris. So it would naturally translate into a higher visitor per square metre ratio. I hasten to add that we should not be too complacent because we have a better visitor per square metre ratio compared to Musee D'Orsay. In fact, because it is very small size, as I

said earlier, there is a limit to the kind and scale of exhibition that the Singapore Art Museum can organise which will draw a higher attendance of both Singaporeans and also tourists.

This space limitation is, in fact, a key constraint and that is one reason why we need to develop better facilities, a newer but differentiated art gallery to serve our own people as well as to increase the buzz in the city. So the City Hall and Supreme Court Building offer us an unique opportunity to develop a new and major cultural institution. I have explained earlier on in response to Ms Irene Ng how we have built up a strong collection of Singapore, Southeast Asian and other artworks over the years. We have, as I said, 6,500 pieces of artworks in our collection. Hon. Members may be surprised to know that the Singapore Art Museum, with its 1,500 square metres, can only display about 200 pieces of artwork at any one time. That is going to take a long time for us to turn over our collection, as a result of which, much of our collection is not seen and cannot be appreciated by our people. On top of that, because of the space limitation, Singapore Art Museum is constrained when it reaches out to the international art exhibition circuit to try to attract major art exhibitions to Singapore. We do not have the space to do justice to these major international art exhibitions.

3.15 pm

Sir, Singaporeans' interest in the arts has grown over the years. I believe it is timely for us to have a bigger art gallery to cater to the growing needs and to add to the buzz in our city.

Sir, both Mr Seng Han Thong and Mr Charles Chong asked for an update on the development of the Arts School. Last year, also in the Committee of Supply, I informed this House that the Government had agreed to set up a pre-tertiary Arts School for artistically talented students

Budget

Mr Chay Wai Chuen: Mr Chairman, there is an increase in the operating expenditure of \$648 million this year for the Ministry of Defence. I would like to know what is the rationale for this increase. Of course, we know very well that overall budget has been trimmed down but, in the area of defence, I could understand that there is a fixed rate to the GDP that we worked on. But why is there such a big increase in this year's operating expenditure?

The other question that I want to find out from the Minister is this. Given the fact that SAF is our fundamental national force to safeguard our peace, how does the SAF, as an organisation, measure its cost-effectiveness in running the organisation as such. Would the Minister be able to give us some idea of what kind of KPIs or performance indicators that he has, or the SAF has, to measure its effectiveness, cost-wise?

Prof. Ivan Png Paak Liang: Mr Chairman, in summing up the debate on the Budget Statement, the Prime Minister spoke about evaluating the performance of the SAF. If we enjoy peace, is it because the SAF did a fantastic job or because it was over-provisioned? My question relates to the Prime Minister's observation. Sir, if the Ministry has to cut its budget by 5%, what would it cut? If the Ministry could raise its budget by 5%, what would it add? Would the Ministry please compare our defence expenditure with those of similarly-sized non-aligned countries, which also have enjoyed a fair amount of peace, such as the United Arab Emirates, Sweden, Finland and Switzerland, on an aggregate and on a per capita basis?

Mr Teo Chee Hean: Mr Chairman, Sir, first of all, I would like to thank Members for their pertinent comments and timely questions on Singapore's defence and

security, and for their endorsements of confidence in the Singapore Armed Forces.

In the 40 years since our independence, Singapore has made steady progress as a nation. We have been able to focus on our socio-economic development. This has brought Singaporeans a comfortable standard of living and given Singapore a certain standing in the world community. Our unity as a society, and as a nation, has been enhanced. All this has been possible because we have peace and security. That is the absolute essential foundation for our growth and progress as a nation.

The peace and security we have enjoyed is not to be taken for granted. It is also not something we can attribute to good fortune alone. Singapore has enjoyed peace and security over these 40 years because we have dedicated, year after year, much effort and resources to building the twin pillars of our defence, namely, deterrence and diplomacy, as Mr Ravindran has noted.

Sir, as the remarks of some Members suggest, it is clear that our security environment has become much more complex in recent years, and the spectrum of potential threats has expanded. The uncertainties and potential instabilities will continue to be a feature of the regional landscape. We will always need to have a military capability which can defend Singapore's territorial integrity and sovereignty. Our defence capability must also give us the confidence to assert our rights as an independent sovereign nation. With the political space to take decisions which best serve Singapore's interests, we need not feel intimidated when the regional climate turns sour, as happens from time to time, as we all well know.

Beyond that, the SAF must also be able to deal with low-intensity conflict

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situations and terrorism. The threat of terrorism continues to be real and immediate. It will not go away any time soon, as terrorist groups are unwavering in their determination to wreak havoc and destruction, Singapore continues to remain a prime target. Countering this threat requires a multiplicity of effort – by governments acting alone, and in cooperation with one another, and, as Mr Ravindran and Dr Ong Chit Chung have pointed out, by multiple national agencies bringing together the many capabilities needed to deal with the terrorists and the variety of weapons and in the various domains of land, sea and air.

Mr Leong Horn Kee has asked whether the SAF has coordinated with other agencies, such as MHA. Indeed, we have, and this is the reason why the Prime Minister has appointed Deputy Prime Minister, Dr Tony Tan, as the Coordinating Minister for Security and Defence. His main focus is actually to coordinate the various Ministries, not just MINDEF and the Ministry of Home Affairs, but also the Economic Ministries, the Ministry of Health and other Ministries, in order to make sure that Singapore is well coordinated to deal with this threat of terrorism.

Dr Ong Chit Chung has asked whether we have contingency plans for air-hijacking. Indeed, we do. I will not go into the details on what precisely we would do, but, indeed, we do have such plans, and our air defence systems are stood up, to deal with them.

We will continue to have to invest in enhancing our counter-terrorism capabilities and measures. One example includes building up a chemical, biological, radiological and explosive (CBRE) defence group to consolidate all relevant operational expertise in explosives, bomb disposal, and dealing with unconventional weapons under one roof. So we go beyond just dealing with things which

might have already happened, but with things which might yet happen in the future. Our laboratories in our defence research institutions also have the capability to quickly test for and identify chemical and biological agents, as was demonstrated by the role they played in our fight against SARS just two years ago.

Mr Ravindran has asked about Total Defence. I think several Members – as I looked at the subjects being raised by them – have also asked about Total Defence, and we will address that point later on.

Dr Ong Chit Chung asked about maritime security, and so did Mr Sin Boon Ann. The complex nature of the new security environment is really very well reflected in the area of maritime security, particularly maritime security in the Malacca Straits. This is a matter of great concern for Singapore and the other littoral states – Malaysia and Indonesia – as well as for the user states, whose economic interests depend on secure sea lanes in this vital waterway. The user states, too, are important stakeholders and have a say. Other interested parties, such as the International Maritime Organisation and the shipping community, have also begun to focus on how security in the Malacca Straits could be enhanced.

There has been significant progress in that there is now clear agreement among regional countries and other stakeholders that maritime threats are very real and that we all need to work together to deal with them. We have made considerable progress since the discussion intensified approximately a year ago. The Malacca and Singapore Straits has been one focus area. Initiatives have been undertaken in a number of multilateral arrangements. Singapore has just co-hosted, just a couple of days ago, together with the US, a confidence-building measure (CBM) conference on Regional Cooperation in

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the SAF to respond quickly to the operational requirements.

While the 3G SAF will be a more formidable and operationally ready force that is enhanced by technology, it will always be the soldier, sailor and airman who will ultimately make the difference. Fundamental to the 3G SAF soldiers are the values that are imbued in generations of the SAF – loyalty, commitment, courage, professionalism. The 3G SAF soldier will also be developed to be professionally and technically competent to operate and exploit the full capabilities of the new weapons and systems.

Dr Ong has asked whether our soldiers, especially our National Servicemen, are capable of doing this. We are fortunate that we have a technically literate population, both of National Servicemen and operationally ready National Servicemen, and they are very highly motivated to learn new things. We have no difficulty with them. Overall, the development of the 3G SAF soldier is a key component of the transformation of the SAF.

Sir, the Government has been unwavering in giving defence expenditure the highest priority. We have given our commitment that MINDEF can spend up to 6% of our GDP each year on defence. We have been spending between 4.5% and 5% over the past few years. This steadfast and prudent approach has served us well. We are able to take a long-term view of our defence needs and force planning and build a defence capability that gives us the best value for the resources that we have invested. As a result, we have a defence force capable of meeting its mission, which is to deter aggression and to secure a swift and decisive victory should deterrence and diplomacy fail.

On a technical matter, Mr Chay Wai Chuen asked why our operating expenditure has gone up. I should explain

that the operating expenditure reflected in the Budget book reflects the total expenditure on the SAF which includes, what you normally call, "operating expenditure", but it also includes things like training, pay and emoluments for SAF servicemen and reservists, as well as capital expenditure on the SAF. So it is not just all operating expenditure.

Prof. Ivan Png asked how MINDEF would change its expenditure should the budget be raised or cut by 5%. MINDEF takes a very careful and considered approach in drawing up the defence budget and we would not spend more money just because money is available. Similarly, we would not cut spending hastily so that the capabilities and operational readiness of the SAF are compromised. MINDEF's budget is drawn up based on what is needed to enable the SAF to carry out its core mission of defending our nation in the current situation and, also, in the years to come. MINDEF's budget is put through a rigorous process and scrutiny every year. Priorities are established by the joint staff in conjunction with the services in a process where the different planning agencies test their plans and ideas against each other. So, there is always a contest of ideas, and this 5% up or 5% down question is continually being asked, not just on the total defence budget but parts of the defence budget. The budget plans and priorities are again scrutinised by MINDEF staff before they are approved each year. But beyond assessing the question of what MINDEF would do with the budget at the margin – 5% more or 5% less – at least once every five years, MINDEF carries out a thorough review and reassessment of our long-term force structure needs. So it is more than a 5% either way kind of assessment, but a fundamental rethink of what we would need for our defence in the future.

The transformation to the 3G SAF is the outcome of the most recent such

[Mr TEO CHEE HEAN]

review. To actualise the 3G SAF, MINDEF has created various structures and processes to ensure that we are able to explore new ideas and concepts and are not trapped in conventional thinking that may no longer be relevant. For example, we now have a separate group, called the Future Systems Directorate, to challenge the conventional wisdom, and to study and test new operational concepts and systems that will give the 3G SAF a quantum improvement in capability to operate in a completely different way. The 3G SAF will involve a fundamental and far-reaching transformation of the SAF in the coming decade, and building the 3G SAF is the major focus of our defence expenditure in the coming years.

Meanwhile, we will continue to ensure that we extract the best value for money for our ongoing programmes. Dr Ong asked about the progress of the Next Fighter Replacement Programme. Some Members of the House might have read in the last day or so, reports in the media about how some of the suppliers found Singapore's tender one of the hardest that they have had to work on. This shows how, as is MINDEF's usual practice, we are very thorough with our evaluation and how we make sure that the aircraft that is eventually selected will give the RSAF an edge, and delivers the most combat power for money over the aircraft's life cycle. There have been some media reports, also, that we have delayed the programme. This is incorrect. But our robust and thorough evaluation means that we have not awarded the contract as quickly as some might have hoped for. We are not in a hurry. We are coming to a final decision over the next few months.

I would, therefore, like to assure Mr Chay and Prof. Png that MINDEF places heavy emphasis on cost effectiveness and maximising our defence capability from

each defence dollar, not just in the immediate timeframe, but also in the long term. Prof. Png has also asked for comparisons between Singapore's defence expenditure and those of a range of similarly sized countries. From a purely numerical point of view, an analysis of the numbers along the lines that Prof. Png has requested is not difficult to do. All one needs is a calculator and a copy of The Military Balance – an annual publication of the International Institute for Strategic Studies. The bald numbers are there. But the point is that such numerical comparisons on their own are not particularly useful. These countries are a diverse lot. Some have not faced any serious threat or conflict for decades, others live in constant fear of invasion; some have mountains or large tracts of land to buffer them, others have little or no strategic depth; some believe in being self-sufficient and providing for their own defence, others have decided to place their defence and, hence, the fate of their countries in the hands of others. So there are many different strategies and approaches that different countries take to their defence needs and how they provide for them. So a bald comparison of the numbers really is not particularly instructive.

There are many pertinent factors to consider, including history, geography, demography. What is important for us to know is that we have decided that we must provide for our defence, for if we are not prepared to defend ourselves, we cannot expect anyone else to do so on our behalf. This is a bitter lesson that our fathers and grandfathers learned in the past. Providing for our own defence allows us to chart our own course as an independent sovereign nation, without having to buckle under pressure from larger states, or to become subservient to their strategic imperatives.

Sir, the SAF's work in Operation Flying Eagle demonstrated its operational

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readiness and its ability to respond effectively when the need arises. The sustained attention to operational readiness and capability development for the long term, the ongoing build-up of our network of defence relations – these must continue to be the focus of MINDEF and the SAF. Beyond these current requirements, the long term planning and force structuring are just as important if we are to have a defence capability to ensure Singapore's security into the future and continue to give our people and foreign investors confidence. We must always make sure that our investments in defence and the SAF give us the capabilities to respond swiftly and decisively against any threat to Singapore's peace and security.

6.00 pm

Mr Leong Horn Kee: Sir, I would like to ask the Minister, since he has been praising the SAF in its role in the tsunami disaster, how his Ministry intends to recognise or reward the good performance of the SAF and ancillary personnel who were involved in the operation called "Flying Eagle" in the tsunami disaster. It is not just in monetary terms. I was thinking more in terms of honours, such as badges or National Day Awards, as we have always said that they have done us proud.

Mr Teo Chee Hean: Sir, the SAF, as with other agencies which have sent people for the tsunami relief effort, is making a recommendation to have medals and other awards for this purpose which will be awarded to the people who took part in this operation.

Dr Ong Chit Chung: Sir, I want to ask the Minister whether he cares to comment on the prospect or possibility of an arms race in Southeast Asia.

Mr Teo Chee Hean: Sir, my apologies to Dr Ong for not having addressed that question.

Sir, each of the countries in Southeast Asia provides for its own defence, and we subscribe certainly to this concept of national resilience for the purpose of regional resilience. This is a concept which is most ably espoused by Indonesia. We do not believe that there is an arms race in progress. Each of the countries in Southeast Asia provides sufficient capability for its own defence, and I think that every country continues to intend to do so. This is good for stability.

Dr Lily Neo (Jalan Besar): Sir, could the Minister inform this House on the total cost for the whole duration of the deployment of SAF in Indonesia for the recent tsunami effort? Could he also respond to the comment that the SAF has gained a lot of experience and practice from this tsunami relief effort? Has this deployment honed the SAF's capability even further and, if so, in which areas particularly?

Mr Teo Chee Hean: Sir, the total incremental cost of the deployment of the SAF for the missions, both in Indonesia as well as in Thailand, and several other ancillary activities that we carried out, including ferrying supplies from Jakarta to Medan and Banda Aceh, was about \$20 million.

The SAF learnt many lessons from this operation. We are digesting them and seeing how best we can transmit them to the rest of the SAF. Certainly, some of our skills were honed. New skills, which we have not had a chance to practise in many situations before, such as working with many of the humanitarian assistance NGOs, in Aceh particularly, and I must say that there were very many of them, each with a very different way of working. It was a very enriching experience for our people on the ground. This was a new experience and this is something which our people have taken away with them.