

NMP Thomas Chua's speech (English translation) for the Budget debate 2015 on Tuesday, March 3 2015

Title: Empowering local enterprises and strengthening the social security system

Madam Speaker, members of Parliament, good afternoon to everyone! Firstly, I would like to declare that I am the President of the Singapore Chinese Chamber of Commerce & Industry. For the 2015 Budget Statement announced in Parliament, *Lianhe Zaobao* summed it up with these words: “Deepening skills, Growing enterprises, Strengthening infrastructure, Assuring retirement.” These give me mixed feelings.

I am heartened that this is an inclusive Budget. It strengthens the social safety net, looks after the elderly, advocates lifelong learning, helps Singaporeans to build up their skills for the future, tops up the students' education fund, and even doing away with examination fees, etc. These measures remind me of the traditional Confucian concept: There is adequate care and protection for the elderly, employment for the able, and education and nurture for young people.” This originates from the *Book of Rites*, written about 200 B.C, and represents hopes and dreams of the Chinese people for more than 2,000 years.

My concern is that “Deepening skills, strengthening infrastructure, Assuring retirement” all require large amounts of funding. Although this year's Budget has increased the personal income tax for the top income earners, and raised petrol duty, this is only a small fraction of what is needed for the large social expenditure. As it is impossible to make bricks without straw, or feed a population without rice, the crucial concern is that if the social system is to be sustained, the most pivotal area lies in “Growing enterprises”. The value created by enterprises is the granary of the government.

In creating value, the multi-national corporations always take the lead. However, local Singapore enterprises also play a crucial role. We have a huge number of local enterprises which provide employment opportunities to every strata of society, and at the same time provide supporting services to MNCs. Just as in the construction of a skyscraper, we cannot do without steel bars and cement, other essential building materials are sand and stones, glass, paint, pipes, cables, bricks, or even landscaping elements like flowers and grass, which we cannot do without. The government has singled out 5 growth clusters – advanced manufacturing, applied health sciences, smart and sustainable urban solutions, logistics and aerospace, and Asian and global financial services. However, other industries, especially the traditional industries, should not be overlooked. We need to realise that these important industries grew out of foundations of the past. Today, if we could give greater support to mould and nurture more industries to prepare for a rainy day, in the future we may be able to have more companies to become world-class Singapore enterprises.

Based on this year's Budget, the previous transitional support schemes will be gradually phased out, while the assistance schemes to support enterprises in innovation and internationalisation efforts have been retained and enhanced. However, the business community did not see any tangible measures to lower their business costs, measures they had in fact been eagerly looking forward to. I would like to take this opportunity to urge local enterprises to review and make adjustments to their business model. During the period of economic restructuring, some enterprises find difficulty in adapting and experience certain problems. The government's assistance schemes can only act as a painkiller for temporary relief. The only way to solve the problems completely is to be self-reliant and press on to upgrade.

In the new business environment, original policies or measures may not always be applicable. If government continues to tweak these policies and measures, it is not only time-consuming, but the outcome may not necessarily be positive. In this period of economic restructuring, the government has been encouraging enterprises to innovate and achieve a breakthrough in business models. In this regard, we also hope that the

government would lead the way in achieving a breakthrough to spring out of its original concept framework, simplify complex problems, and create revolutionary new policies to stimulate economic growth.

For instance, there is a great diversity of local enterprises representing all kinds of trades and industries. In order to dispense the right treatment and medication, there must firstly be one integrated clinic to handle initial check-up before sending patients to other areas of specialty. If the patient has to run from one specialist to another, he would already be exhausted prior to consultation.

Hence, I wish to put in an appeal once again on behalf of the business community. In order to increase the effectiveness of economic restructuring, I hope the government would appoint one coordinator to help local enterprises, especially the SMEs, and avoid having the scenario of letting them knock at the doors of different government agencies to no avail. As I know, the Public Service has a “No Wrong Door Policy”, meaning that government agencies need to appreciate and understand the public’s appeal for assistance and solve their problems instead of shoving them from one department to another. With regard to this coordinator whom I had mentioned, the objective is aligned with the “No Wrong Door Policy” principle – meaning that the government should streamline its resources with the ultimate objective to help enterprises to grow.

The government has many pro-business policies. However, the majority of the public is not concerned with the rationale behind the policies. Instead, they are concerned either with personal benefits, or how the policies have a direct impact on them. This is an important challenge facing the government right now. For example, in the past few years the government rolled out the Capability Development Grants, iSPRINT, and Market Readiness Assessment Scheme, with the objective of helping local enterprises to strengthen their capability. But what is the actual take-up rate? Based on the Chamber’s survey, the take-up rate for the Capability Development Grant was 12%, that of iSPRINT was not even 9%, whilst the Market Readiness Assessment Scheme fared even lower, with less than 3% take-up rate.

This is a vicious circle. On the one hand we see that government agencies keep rolling out pro-business policies. On the other hand, based on survey results, not that many enterprises really stand to benefit. When SME bosses talk about government assistance schemes, their general sentiment is that some schemes are mainly providing additional benefits to the medium and large enterprises, whereas for SMEs what they really need is for someone to send them charcoal in the midst of winter.

Moving forward, our country's focus in raising the overall productivity all trades and industries is not a task that can be managed by a company or a department. It needs concerted collaboration between the government and businesses. On March 16 this year, the Chamber's new batch of council members will be installed, and we shall invest even more resources to work together with the trade associations, engage with businesses and follow up on their requests.

Hence, in order to make this Budget achieve even greater effectiveness, I would like to raise two recommendations. One being to support even more local enterprises in the effort to become world-class Singapore enterprises. Second, I recommend appointing a government coordinator to handle issues related to business, and improve effectiveness at the execution level. I believe that only if we help local companies to strengthen their competitiveness and become world class Singapore enterprises, can we continue to create wealth to support the social security system. Let us work together towards this objective!