Publication: The Business Times, p 2
Date: 14 January 2015
Headline: Restructuring moves open to change, says GPC chairman

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Pre-Budget discussion homes in on foreign worker quotas and levies; tweaks suggested for PIC scheme

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THE government's restructuring initiatives are not set in stone and are open to change, said Liang Eng Hwa, chairman of the Government Parliamentary Committee (GPC) for Finance, Trade and Industry, on Tuesday.

"Of course, the schemes are not something cast in stone that we don't change. Over time, I think we should continue to fine-tune the schemes, or come up with new schemes. Some schemes may not serve their purpose anymore, and we should change them. This is something the GPC will always engage the MOF (Ministry of Finance) and MTI (Ministry of Trade and Industry) on," he said.

In delivering his keynote address at this year's pre-Budget roundtable organised by the Institute of Singapore Chartered Accountants (ISCA), the Member of Parliament for Holland-Bukit Timah GRC also said that more can be done to manage the potential downside risks of restructuring the economy so that its growth is anchored in productivity and innovation in the medium to long term.

"While I support the need to have dependency ratio ceilings for each sector to control the total number of foreign workers, we should keep options open for adjustments of the levies, should there be adverse changes to the external environment or business costs," said Mr Liang, who noted the danger of Singapore businesses "being priced out of the competition".

Indeed, the subject of foreign worker quotas and levies was brought up repeatedly during the three-hour event, which homed in on the pace of Singapore's efforts to restructure its economy.

Panelists such as Singapore International Chamber of Commerce chief executive Victor Mills and Singapore Management University accounting professor Sum Yee Loong questioned the need for foreign labour quotas in industries such as the construction sector, jobs in which are shunned by Singaporeans.

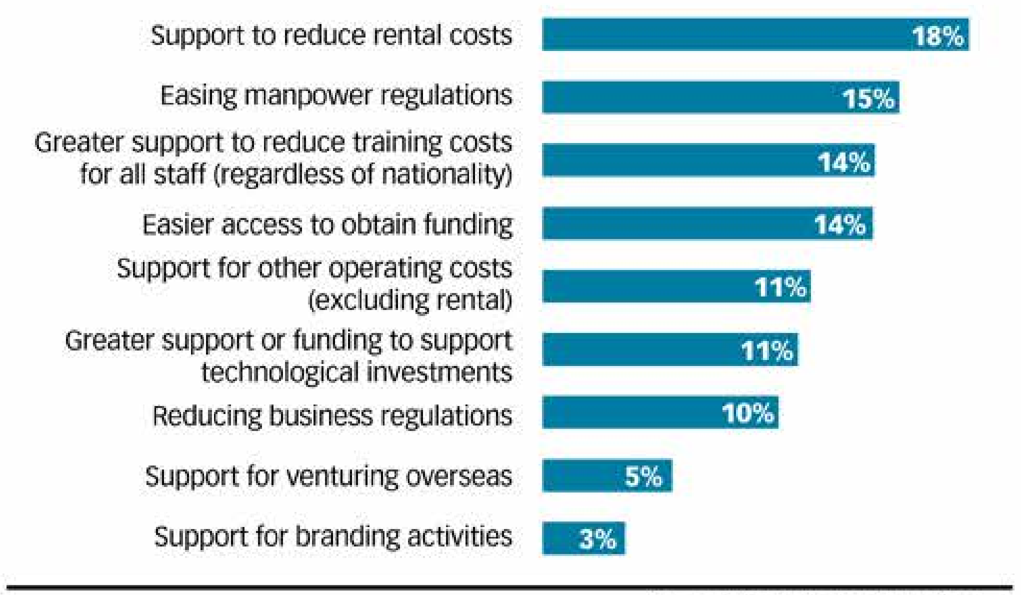
Prof Sum said: "So for these jobs, my question is: 'Do we really need a quota?' It would be different if we were talking about PMEs, (professional, managerial and executive job-holders), because these are jobs Singaporeans want."

Panelists from the Big Four accounting firms reiterated their call for the Productivity and Innovation Credit (PIC) scheme to include more sector- and firm size-specific incentives, as well as a greater focus on research and development (R&D).

ISCA's survey of 400 respondents spanning the business and accounting sectors found that the bulk of businesses continue to be preoccupied with rental costs and manpower restrictions; support for internationalisation and value-added growth activities, such as technological investments and branding, tend to be ranked lower on their wishlist for Budget 2015.

Deloitte's head of tax Loh Hwee Chua said this needs to change: "In order to get to the next level (of the restructuring drive), we need to think of how to push companies to move from the 'productivity' part of PIC to the 'innovation' part of PIC."

Businesses' Budget 2015 wishlist



Source: ISCA Pre-Budget Survey 2015

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> **Chairman for the GPC on Finance, Trade and Industry Liang Eng Hwa**