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SINGAPORE: A key thrust of Budget 2013 was to help businesses restructure in a changing economic environment. The aim was to achieve quality growth -- where better, higher paying jobs would be available for Singaporean workers. But this has raised concerns if firms could keep up with the pace of restructuring.

Speaking in Parliament on the second day of the Budget debate, MP for Ang Mo Kio GRC Inderjit Singh suggested the government recalibrate its five-year productivity goal.

He said the companies should start slow in the first two years and later speed up, even faster than the current five-year projection rate.

Mr Inderjit added that the country will still arrive at the same destination with the same goals outlined in the budget, but through a different route.

He said: "If after two years, companies fail to restructure despite the grace period given by the government, then they will face even greater challenges from the third year onward, and they will have to make even steeper changes as the rate of restructuring then becomes much more intense.

"If they fail to restructure in the first two years, then I think it will be a fair proposition that the government cannot help any further because they failed to help themselves when they were given ample opportunities."

Mr Inderjit, who is an entrepreneur, also argued that the current year's budget did not adequately address the cost of doing business.

He felt that the problems are multifaceted -- the high cost of rental and real estate, the high Singapore dollar, the increasing labour costs, and the demand and supply imbalance of infrastructure.

Thus, he stressed that Budget 2013 could have focused on cost competitiveness.

Mr Inderjit noted that the government had placed all its bets on productivity improvements, and feels this is something which would take a little longer to be achieved and will not be easy either.

"So in the meantime all the other bottom line cost issues will plague companies, rendering them uncompetitive. We need to give companies some breathing space to survive first, and then restructure to become competitive and strong," said Mr Inderjit.

Mr Inderjit also asked if the current schemes like the Productivity and Innovation Credit (PIC) scheme and the intended Wage Credit Scheme were going to change the behaviour of companies and employees.

Mr Inderjit said: "The way things are going with the PIC, in my opinion, is that companies are going to spend on some big-ticket items anyway, especially the larger companies and they are benefiting by claiming back money from the government.

"But did they have a mindset change in terms of doing more things to improve productivity? My gut feel is that a small number only really did something to change behaviour towards productivity-driven business models.

"The same will be with the wage credit in my opinion. Companies, especially bigger companies, will anyway be increasing their employees' salaries and it would have nothing to do with new productivity behaviour and they will be claiming millions of dollars from the government. It will be a pity if this is widespread. We should therefore, relook and sharpen some of these productivity intended tools introduced in this and the past years' budgets."

Nominated MP Assistant Professor Eugene Tan also echoed similar sentiments. He said: "Under the PIC scheme, a gamut of IT and automation equipment qualify for enhanced deduction or allowances. The list includes what many would regard as basic or essential equipment in today's workplaces, such as computers, mobile phones, PDAs.

"Isn't this a simplistic understanding of productivity or are we promoting simplistic understanding of productivity? Equipment does not change behaviour; it is practice and mindset and leadership that changes behaviour."

MP for Nee Soon GRC, Lee Bee Wah, called for the PIC scheme to be extended. She said: "I would like to urge the government to consider PIC beyond 2015. Based on feedback from SMEs, which know how to make use of PIC, they feel that we should extend it beyond 2015.

"I agree that cutting manpower, especially foreign manpower, is the right move in the push for higher productivity and to reduce reliance on foreign workers. However, I am concerned that the pace of productivity increase may not match the cut in foreign workers. Workers and supervisors take time to learn and adopt new technologies. In fact, at this transition period, productivity will dip before it picks up. We should give them more help rather than keep cutting."

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