



The roundtable brought together key figures from the business community, government and academia.

ICPAS Pre-Budget Roundtable

The Pre-Budget Roundtable is part of the Institute's feedback platform which engages different segments of the community to gather views and provide relevant feedback to the Government.

The inaugural event brought together key figures from the business community, government and academia to discuss the effectiveness of the 2009 Budget and what an Expansionary 2010 Budget should include.

Singapore Accountant presents a snapshot of the discussion at the closed-door event.

Co-chaired by Dr Ernest Kan, ICPAS President and Ms Jessica Tan, Chairman

of Government Parliamentary Committee (GPC) for Finance and Trade & Industry, the panelists engaged in lively debate on a range of topics - from the Jobs Credit scheme to the need for incentives to help SMEs move up the value chain.

Looking back at 2009, the panelists agreed that the measures in the 2009 Budget have helped companies save jobs and train workers during the downturn, and assisted viable firms to gain access to much-needed credit.

The Government has indicated that Budget 2010 will continue to be expansionary and business leaders have been quick to express their views on

what they hope to see as the Singapore economy continues to recover. The general consensus garnered from the participants is that the Singapore economy has performed better than expected last year, in large part due to the massive \$20.5 billion government stimulus package.

The panelists also recognised that raising output and productivity will be critical to ensuring sustainable economic growth for Singapore in the long term and that Budget 2010 should target its measures and initiatives to help companies and businesses improve productivity and capabilities.

Dr Kan highlighted that "in today's inter-connected world, the CPA Singapore community faces many challenges, of which the current global crisis is just one. Although this global crisis is showing signs of recovery, we cannot be complacent in the light of these reports, but should, as the Prime Minister said, 'Keep in mind a less benign scenario' and continue to brave ahead."

Mr Ajit Prabhu kicked off the discussion with a debrief of the 2009 Budget and its highlights.

Participants also expressed their wish list for the 2010 Budget. Job security and tax incentives for the services industries, increased measures to offer assistance to SMEs and having competitive personal income tax rates were among some of the topics brought up.



Co Chairs for the ICPAS Inaugural 2010 Pre-Budget Roundtable, (from left) Dr Ernest Kan and Ms Jessica Tan.

Feedback on Budget 2009

The response we have been receiving from our members as well as from fellow chambers was that they thought the programmes launched by our government for 2009 was indeed very innovative and this solved the immediate challenges of a lot of businesses, in particular the SMEs. The Core Innovation Fund is a very good initiative, in particular in the green space. I think the business community is very encouraged by this fund. Later on, we have to see how the take up rate is, how this positions Singapore in the next three to five years. – *Mr Teng Theng Dar*

Jobs Credit Scheme

Productivity is not just something divided by something; it involves a lot of movement. If I may speak on behalf of F&B sector, the construction sector, hospitality sector, I think they will face tremendous challenges because depending on the business model, you can go to a vending machine. Then it is about the location of vending machine, no human is in contact. However when you are talking about a restaurant, you talk about human factors. If we are able to spend money to invest in people who understand and are able to champion the business process improvement, and we have a national movement to support that, that money will be well spent. – *Mr Teng Theng Dar*

To increase the productivity level, I believe it requires a tripartite effort. On the employers' front, we probably need to work out new salary models that are pegged to productivity levels. At the same time we need to have the Labor movement involved in the discussion and supporting a change in the model, before it can work. – *Mr Gerard Ee*

Unless we improve productivity in the long term, we are not going to see the benefit of raising the quality of life for the people. It just cannot get wages up in the long term. In the last 10 years we have seen 1% growth in productivity. – *Mr Bob Tan*

Some of the very small companies have problems utilising SPUR because they don't have the time. An organisation with less than 10 people that tries to spare one or two staff to go on courses is not always a practical solution. Should I ask my staff to take advantage of the scheme but choose a Saturday and Sunday to do it? The staff doesn't always appreciate that. – *Mr Uttam P. Kripalani*

For the schemes from the government, there are a lot of things that can help build capabilities, but I think awareness is not that ideal, that area can be improved. There are a lot of companies that may not have access to that or are not sure how to do it. – *Mr Low Cheong Kee*

Social Welfare

Elderly coming to the VWOs are already facing tremendous fee pressure. With the added GST, it will be even more difficult. Quite a number of VWOs then absorb the GST just to ensure they have sufficient take up. But it is a chicken and egg situation, because when you are short of funds, you want to go to the public to raise funds, but you have to absorb the GST. So it is becoming really a bit challenging for VWOs. – *Mr Foong Daw Ching*

Staff cost is a key component. Currently, VWOs cannot match the salary of the staff compare to other organisation. VWOs should also be given a fair chance to employ qualified staff. – *Mr Teng Theng Dar*

Part of the budget can be set aside for grants for VWOs to employ qualified accountants, to create greater transparency. – *Mr Kon Yin Tong*

Many VWOs still hold the view that it is wrong to pay market rates for staff salaries. The VWOs have problems in retaining

staff. It is time to pay these professionals what they are entitled to. – *Mr Gerard Ee*

I agree with some of your views. Funding has been given to industries and VWOs but one concern is that there might be too many schemes. (We need to evaluate) whether it is impactful and achieving the desired outcome. – *Ms Jessica Tan*

Indeed, many VWOs that approached MCYS have concerns related to monetary issues. MCYS has increased the salary of social workers to a fair wage that will motivate them. For instance, we looked at the highest paid social workers in Singapore who are from the medical sector and set that as a benchmark for all the social workers. How does this translate to the Budget policies today? What kind of subsidy can we offer to the VWOs and in what areas, facilities, rental, wages and operations? Specific measures can definitely be explored or considered. – *Mr Teo Ser Luck*

Enhancing Business Cashflow and Competitiveness

If you look at the SMEs, they are a very big sector anywhere in the world, including Singapore. They are also a very vulnerable sector here. If you can help them, whether to increase productivity through employment of technology, human capital development, or to build



(From left to right) Mr Uttam P. Kripalani, Mr Teo Ser Luck, Mr Ajit Prabhu and Ms Jessica Tan having a hearty discussion before the session.

capacity, that will be good for the long term as SMEs are very vulnerable and not as well equipped as the larger guys to withstand shots. – *Mr Kon Yin Tong*

Is the bank lending scheme successful? In Singapore we are a little bit different. We do not have a structural problem. We also don't have a liquidity problem. What we are afraid of is the credit problem. Things like the stimulus package, I always see it. You know the world is sick but you do not know what the cure is, so you put in some steroids. But steroids can't be forever, at some point you got to take the steroids out. The challenge to Singapore today is how to solve the cyclical problem. It's good to keep that in because there are some SMEs, the smaller riskier ones, who still might not be able to get financing. So keep it in the system although I don't think the full budget will be utilised. – *Mr Lee Wai Fai*

It is probably not a bad idea to put substantial sums of money to help companies, sectors and industries to upgrade in a major way. – *Mr Bob Tan*

We really need to look at how the SME sector can be pushed along and stand on its own feet, and not only be a support of multinationals. – *Mr Uttam P. Kripalani*

Singapore needs to remain competitive in personal income tax rates. – *Ms Paula Eastwood*

The gap between the top personal tax rates for Singapore and Hong Kong has widened. And the gap has widened between the top marginal person tax rate and the corporate tax rate here too, giving raise to possibilities of arbitrage. – *Mr Ajit Prabhu*

We cannot look at it purely on an arithmetic basis. There seems to be shyness to tax people who speculate on property and drive prices up. These speculations obstruct locals who wish to afford their own homes. – *Mr Gerard Ee*

The absence of taxation on capital gains is a major competitive attraction for Singapore. There is a need for clarity over what constitutes capital gain which is not taxable,

and what constitutes speculative and trading gains which are taxable. – *Mr Ajit Prabhu*

“Investors want to ensure their returns are there-are there viable skills, industries, clusters in Singapore that will enable that? The money should be spent on creating clusters of excellence and skills so that investors will then say ‘this is a worthwhile market to invest’”, said Jessica Tan. She then concluded the session by summarising some of the key concerns proposed.

Summing up the discussion, ICPAS President, Dr Ernest Kan said, “There is a sense that the upturn needs to be stabilised. Job security aspect is one that participants would like the government to spend some time looking into.”

ICPAS Research will be publishing a Whitepaper on the feedback collated from the roundtable discussion. **SA**

ICPAS Post-Budget Roundtable

Following the 2010 **Pre-Budget** Roundtable discussion, ICPAS Research will be organising a **Post-Budget** Roundtable which will be held in the **first week of March 2010** to gather the business and industry sentiment and reactions post Budget release and to provide timely feedback to the Government.

The Post-Budget Roundtable discussion will include topics on whether the 2010 Budget is directed at the **Right** objectives, of the **Right** size and whether the 2010 Budget is making the **Right** move.

DISTINGUISHED PANELISTS

 Mr Teo Ser Luck Senior Parliamentary Secretary	 Mr Boon Yoon Chiang Country Chairman, Jardine Matheson Group	 Mr Kon Yin Tong Partner, Foo Kon Tan Grant Thornton	 Ms Paula Eastwood Head of Tax, PricewaterhouseCoopers Singapore	 Mr Gerard Ee Chairman of National Kidney Foundation	 Mr Lee Wai Fai CFO & Head, Group Corporate Services, UOB Ltd
 Mr Foong Daw Ching Managing Partner, Baker Tilly TFWLCL	 Mr Ajit Prabhu Head of Tax, Deloitte Singapore	 Mr Low Cheong Kee Managing Director, Home-Fix DIY Pte Ltd	 Mr Uttam P. Kripalani Convener of Small and Medium Enterprises Committee, Singapore International Chamber of Commerce	 Mr Jeann Low Group CFO, Singapore Telecommunications	 Professor Pang Yang Hoong Dean of School of Accountancy, Singapore Management University
 Mr Bob Tan , Honorary Treasurer, Singapore Business Federation	 Mr Teng Theng Dar Chief Executive Officer, Singapore Business Federation				