

**SPEECH BY DR KOH POH KOON, MINISTER OF STATE FOR TRADE  
AND INDUSTRY, DURING THE COMMITTEE OF SUPPLY DEBATE  
UNDER HEAD V (MINISTRY OF TRADE AND INDUSTRY)  
ON THURSDAY, 7 APRIL 2016**

**“Working in Partnership to raise SMEs’ Productivity and Growth”**

**INTRODUCTION**

1. Mr Chairman, May I have your permission to display some slides later on in my speech? Thank you, Sir.

**GOVERNMENT WILL SUPPORT OUR SMES THROUGH ECONOMIC  
RESTRUCTURING**

2. As mentioned by the Minister for Trade Lim Hng Kiang, we recognise that companies are facing headwinds this year. Some sectors will be more affected than others. Mr Yee Chia Hsing and Ms Cheryl Chan asked about how the Government will help SMEs ride through this period.

3. During this year’s Budget Statement, the Minister for Finance announced a number of measures to address the near-term concerns of our companies, especially SMEs. And these include measures such as the enhanced corporate income tax rebate, holding off foreign worker levies for certain selected sectors and the new SME Working Capital Loan Scheme. Let me highlight that these new measures are over and above the existing suite of assistance schemes that we have introduced over the years to help SMEs in their transformation journey.

4. I am pleased to announce that over the next five years, the Government will set aside a grant budget of over S\$2.3 billion under the fifth tranche of the **Enterprise Development Fund (EDF 5)**, specifically for the development of local enterprises. This is a significant increase from the \$1.4 billion approved under the previous tranche. EDF 5 will support existing SPRING and IE Singapore schemes.

5. And EDF 5 will go towards supporting the Industry Transformation Programme (ITP) that the Minister for Finance has announced.

6. Mr Liang Eng Hwa may wish to note that this will go towards supporting SMEs to upgrade and capture new growth opportunities. But even as we set aside more funds for the development of local enterprises, we are also sharpening our assistance schemes to make sure our interventions are more targeted. This will ensure that we get the most out of our limited resources. For instance, we will put more resources into schemes that have created the biggest impact on our SMEs. One such scheme is SPRING’s Capability Development Grant (CDG).

7. I am glad to also announce that another scheme that will be enhanced is MCI and IDA's **Infocomm for Productivity and Growth (IPG)**, which is funded from the National Productivity Fund (NPF). The \$500 million IPG was first introduced at Budget 2014 to accelerate the take-up of IT solutions by SMEs and this will be enhanced in three ways.

8. Firstly, the scope of the scheme will be widened to support costs like retrofitting and business consultancy that are needed to unlock the productivity potential of the solutions. Secondly, help will be made available for SMEs to upgrade to the most effective solutions, even if they have received help from IPG before. And to maximise impact, we will also support the costs of solutions across all branches of a business.

9. I would like to assure Mr Louis Ng and Mr Azmoon Ahmad that Government support is open to all local enterprises, including the smaller ones. Depending on their specific needs, many SMEs have made use of the \$5,000 ICV for consultancy services, and to adopt the various integrated solutions such as fleet management systems and mobile ordering and payment systems.

10. So, there are solutions that SMEs can adopt based on their individual specific needs. But the key challenge is in the outreach to this diverse group of 116,000 local micro-enterprises which can range from our HDB heartlander shops to a car workshop for example. To make Government assistance more accessible to SMEs, especially the smaller ones, SPRING has worked with Trade Associations and Chambers (TACs) to set up a network of 12 SME Centres, all across Singapore, housed within the TACs, Community Development Council (CDC) offices as well as within the heartlands. Like GP clinics, these SME Centres have been serving as the first port of call for SMEs, and providing one-to-one consultations on business and productivity assistance. In 2015, our Business Advisors at the SME Centres reached out to more than 22,000 SMEs. But I hope that SMEs will also take the opportunity to be proactive in seeking help from these SME Centres especially if they are in need of assistance.

11. As mentioned by the Minister for Finance, the second half of 2016 will also see the public launch of the **Business Grants Portal (BGP)**, which will make grants even more accessible to SMEs.

12. Ms Sun Xueling shared her concerns about SMEs' access to information. Apart from one-to-one consultations at these 12 SME Centres, our economic agencies like SPRING and IE Singapore have been conducting regular dialogue sessions with SMEs to discuss the latest trends and opportunities for SMEs. Just last week, SME Centres held a Convention for SMEs to share knowledge on business model transformation and innovation. Additionally, SMEs can also visit SPRING's SME Portal which is in both English and Chinese languages for information on broad industry trends, business guides, and business opportunities.

## ECONOMIC RESTRUCTURING MUST REMAIN A PRIORITY

13. Our companies, especially the SME sector, must transform, and do so urgently.

14. As a small country with limited resources, we cannot compete on costs alone. We recognise that costs, as Ms Cheryl Chan pointed out, continue to be of concern to businesses. The two business costs often cited by businesses are labour and rent, as Mr Chen Show Mao said earlier.

15. The truth about labour costs is that between 2009 and 2015, real wage growth outpaced productivity growth. While labour productivity, as measured by value-added per worker, rose by 2.2% per annum over this period, the real median income of full-time employed residents, however, rose by a higher 2.5% per annum. This has contributed to an increase in the unit labour cost of 1.5% per annum over the same period. Therefore, we need to press on with increasing our productivity to keep pace with wage increases.

16. Next, on rental costs. Mr Chen Show Mao expressed concerns about rental costs in our shops. Mr Henry Kwek also suggested that steps be taken to lower rents should the economic situation worsens. But in reality, rents are already coming down, and will continue to face downward pressure from further supply of rental spaces coming on-stream. Let me illustrate.

17. In 2015, industrial rents fell by 2.1% compared with the previous year. In the next two years, an average of 2.3 million square metres of industrial space will come on-stream annually. Similarly, for office and retail space, rents have fallen by 6.5% and 4.1% respectively in 2015, while a large supply of 993,000 square metres of office space and 808,000 square metres of retail space remains in the pipeline in the near future.

## WE NEED TO PRESS ON WITH THE NATIONAL PRODUCTIVITY DRIVE

18. Mr Saktiandi Supaat asked about the root cause of slow productivity growth. Let me first say that slowing productivity growth is not something unique to Singapore - it is a global challenge. Productivity growth in the OECD economies, for example, has fallen below 1% since 2012 and has remained weak at 0.3% in 2014<sup>1</sup>.

19. More than five years into our national productivity drive, we are on track to achieve the Economic Strategies Committee's (ESC) target of 2% to 3% productivity growth for the decade as a whole, from 2009 to 2019.

20. At the macro level, between 2009 and 2015, labour productivity, as measured by **value-added per actual hour worked**, grew by 2.7% per annum. However, most of this was due to the high productivity growth in 2010. Productivity growth since then has weakened.

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<sup>1</sup> Source: OECD (2016), GDP per hour worked (indicator)

21. At the sectoral level, however, the situation is somewhat more varied. Some sectors, especially the outward-oriented ones<sup>2</sup>, are doing better than others. For example, since 2009, our **Finance & Insurance Sector** achieved productivity growth of 4.7% per annum. Overall, labour productivity of the outward-oriented sectors grew by 5.1% per annum from 2009 to 2015. On the other hand, our domestic sectors<sup>3</sup>, such as **Retail and Food Services**, where the bulk of the companies are still heavily reliant on manpower, are not doing as well. From 2009 to 2015, the labour productivity growth of these domestically-oriented sectors remained rather weak, at 0.8% per annum. Therefore, we need to press on with our productivity drives in these weaker sectors.

## **FOR OUR PRODUCTIVITY DRIVE TO BEAR FRUIT, MINDSETS MUST CHANGE**

22. Mr Saktiandi Supaat asked about our productivity strategies going forward. For our productivity drive to succeed, we must go beyond Government initiatives and Government measures. Business and consumer mindsets must also change. Let me illustrate this with the Retail Sector.

23. Under the second 5-year Retail Productivity Plan that was announced last year, one key focus area is sales growth. SPRING will support retailers to improve their online sales by collaborating with e-commerce players such as SingPost, Google, eBay and RedMart. This will be especially helpful for retailers who already have their own brands as they can then reach out to markets beyond Singapore.

24. According to a recent report by Bain and Company, two-thirds of the 150 million digital consumers<sup>4</sup> in Southeast Asia are already shopping online. This is a huge online market compared to the physical market of 5 million in Singapore. A number of local retailers understand that the opportunity for e-commerce is here and now. Forward-looking businesses are already changing in response to the changing consumer shopping habits. The **Singapore Food Manufacturers' Association (SFMA)** has also worked with IE Singapore to launch the first Singapore Pavilion e-commerce shop front on **Tmall.com**, China's largest e-commerce marketplace. This has helped Singapore food manufacturers benefit from the collective branding, joint marketing, as well as the sharing of warehouses and logistics. And since the platform's launch in August 2015, 40 food companies have participated in this initiative

25. We have been focusing a lot on what the government should do and how our businesses can transform. However, the reality is that businesses also respond to consumer needs and consumer behaviour, and the retail sector cannot transform

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<sup>2</sup>“Outward-oriented sectors” includes Manufacturing, Wholesale Trade, Transportation & Storage, Information & Communications, Accommodation and Finance & Insurance.

<sup>3</sup> “Domestically-oriented sectors” includes Construction, Retail Trade, Food Services, Business Services and Other Services.

<sup>4</sup> Digital consumers in the report are defined as those who are 16 years old or older and who researched products or services online in at least two product categories.

quickly enough if **consumer mindsets** and purchasing habits do not change. Consumers can also play their part in helping our businesses transform.

26. For example, we have been working with the major supermarkets to proliferate the use of “self-checkout counters”. If consumers do adopt such behaviours, it will help to release manpower from these supermarkets to do higher value jobs. To shift consumer mindsets, MTI has launched a series of publicity campaigns to promote this “DIY culture” within our consumers. In a survey conducted after the campaigns, 94% of respondents said they were aware of self-checkout facilities. Among these, 97% have used the facilities. If consumers play their part and we see businesses responding to it, we will get better traction in our productivity drive.

### **CLUSTERING STRATEGY TO TRANSFORM TRADITIONAL SECTORS**

27. Mr Thomas Chua asked about the need to help our traditional sectors transform and upgrade. One key strategy is the cluster development approach to revitalise and transform traditional sectors. We want to create a social environment, where co-located SMEs can collaborate more with one another, and find common solutions to solve common problems. Ms Cheryl Chan may wish to note that by clustering companies from tsector-specific areas together, SMEs can share infrastructure and services to enjoy better economies of scale and lower the start-up costs. With reference to Mr Chen Show Mao’s comment, this is one way that we have changed how we use business space while maintaining affordability and competitiveness.

28. For example, the **JTC Food Hub @ Senoko**, conceptualised jointly by JTC, the Singapore Food Manufacturers’ Association (SFMA) and the Singapore Manufacturing Federation (SMF), houses a shared Cold room and Warehouse Facility (CWF). At the Food Hub signing ceremony I attended last week, food manufacturing and services companies told me that they could save on start-up and operating costs by tapping on this ready-built facilities and services offered by the CWF operator.

29. I am happy to announce to Members that JTC will be developing a new **Metals, Machinery and Timber Hub (MMT)** in Kranji for SMEs in metals, machinery and timber trades. To be completed in 2020, the multi-storey MMT Hub will have high ceilings and heavy floor loading to accommodate tenants’ heavy automation machinery and products. These specifications will then allow companies to explore productive initiatives such as the installation of overhead cranes to replace and reduce their reliance on fork lifts.

30. In addition, Mr Chen Show Mao may wish to note that JTC’s subletting policy provides companies with the flexibility to adjust their space usage according to business needs and supports space sharing by allowing lessees to sublet up to 30% of the total gross floor area to other companies for better synergy or to put

temporarily unused space to better use. However, in terms of market share, JTC industrial space currently constitute only 8% of all industrial space and we do not have the critical mass to influence overall market pricing

## **COMPANIES MUST CONTINUE TO INTERNATIONALISE**

31. Beyond our local environment, SMEs must also pay attention to the global environment and seize opportunities as they arise.

32. As Mr Liang Eng Hwa pointed out, the **Market Readiness Assistance (MRA) programme** and **Global Company Partnership (GCP) programme** were enhanced last year to help companies internationalise and take advantage of these overseas business opportunities.

33. Just to give some numbers, in 2015, IE Singapore supported 34,000 companies in their internationalisation efforts, this is a 21% increase over 2014. Over 80% of these companies were SMEs. Through the **MRA programme**, more than 30,700 companies were supported and the take-up rate of MRA grants increased by 7-fold over 2014, benefitting mainly SMEs with annual turnover below \$5 million. And under the **GCP programme**, over 3,800 companies received help to grow their business overseas in 2015. IE Singapore also helped companies to secure \$769 million in trade and financing loans in 2015, up from \$753 million in 2014.

34. Secondly, there was more focus on accelerating overseas growth of Singapore companies. IE Singapore introduced a new tax incentive- the **International Growth Scheme (IGS)** and expanded the scope of **Internationalisation Finance Scheme (IFS)** to include Merger & Acquisitions.

35. Thirdly, we introduced more targeted assistance to address manpower needs of internationalising companies. IE Singapore enhanced the **Double Tax Deduction for Internationalisation (DTDi)** to include qualifying manpower expenses for Singaporeans posted overseas. This supports businesses that are expanding overseas and create more skilled jobs and opportunities for our Singaporeans. The Minister for Finance has announced that the scheme will be extended for another 4 years until 31 March 2020.

## **PARTNERSHIP WITH TRADE ASSOCIATIONS AND CHAMBERS** (与商会协同合作)

36. The Minister for Industry, Mr Iswaran talked about the Industry Transformation Programme (ITP). One key plank of this effort is our partnership with our trade associations. **Mr Chairman, may I now speak in Mandarin.**

37. 胡美霞女士和蔡其生先生谈到商团与商会组织 (Trade Associations and Chambers, TACs), 的作用。新加坡有超过 300 个商团, 因此我国商会

的整体面貌十分多元 — 有会员较为广泛的民族类商会，有行业协会，以及会员只有区区之众的小型商团。

38. 政府正紧密与一些着重于发展企业的商会合作，向中小企业伸出援手。例如，我们规模最大的商会新加坡工商联合总会（Singapore Business Federation, SBF），便是我们“未来经济委员会（Committee on the Future Economy, CFE）”的主要合作伙伴之一。

39. 除了与会员基础广泛的商会合作以外，我们的经济机构也必须以更具针对性的方式，推动主要行业转型。“产业转型计划（Industry Transformation Programme）”要成功实施，与商团有效合作至关重要。假设“中小企业咨询中心”（SME Centre）是提供基本服务的家庭医生，那商会在“产业转型计划”之下扮演的角色就好比企业的专科医生。请容我进一步说明。

40. 第一，企业最为熟悉各自行业的走势、机遇和挑战。在这方面，商会可发挥关键作用，把相关企业组织起来，设定发展和转型方向，引领产业转型。所谓“商场如战场”。与其孤军作战，不如企业之间密切合作，其利断金。政府可以在后方运筹帷幄，但站在前线的冲锋队必须是我们的企业。

41. 第二，商会的联系网络广泛，因此能发挥乘数效应，帮助政府接触更多中小企业，成效将远远超过政府机构孤军作战的效果。孙雪玲女士问道，应如何帮助中小企业意识到商业趋势和商机。商会便是有效的渠道。贝理安先生（Leon Perera）也许应该知道，政府给予商会的支持，都经过审慎研究，而且力图使之发挥最广泛的作用。回复胡美霞女士询问，自 2005 年，许多商会已和标新局及企发局（IE Singapore）在“本地企业与协会发展计划（Local Enterprise and Association Development, LEAD）”下开展合作。至 2016 年 3 月止，35 个商会下的 180 多个产业升级项目获得支持，总拨款金额超过 1.2 亿元，有大约 4 万家本地企业从中受益。

42. 第三，商会也可以协助汇集需求，并且为相关行业提供共享资源，以支持行业的发展。这样，便可帮助中小企业释放更多的时间和精力，使企业致力于核心业务。

43. 第四，商会可在新科研（A\*STAR）的“成长企业科技提升计划（GET-Up Programme）”下，合作推行“经营和技术路线图（Operational Technology Roadmapping, OTR）”。“经营和技术路线图”以详尽并条理分明的方式，明确了企业或行业要保持竞争力，所需具备的技术能力。

44. 第五，如蔡其生先生所谈到，商会可将中小企业团结起来，并帮助他们国际化。例如，一些商会和企发局合作于“商机捕猎计划（Deal Hunter Programme）”，帮助中小企业集体寻找商机。在一次商机捕猎行动中，新加坡特许经营及许可协定协会（Franchising and Licensing Association (Singapore)）

为 6 家企业在日本组织了 47 场洽谈会，发掘了 15 个商机，带来了 53 万元的海外销售额。

(Translation for para 37 to 44)

37. Ms Foo Mee Har and Mr Thomas Chua spoke about the role of our Trade Associations and Chambers (TACs). With over 300 TACs in Singapore, the TAC landscape is very diverse – ranging from the broad-based ethnic chambers, to industry associations, as well as smaller TACs with only a handful of members.

38. The Government has been working closely with the business-focussed TACs to reach out to SMEs. For instance, our apex chamber, the **Singapore Business Federation (SBF)**, is one of our key partners in the Committee on the Future Economy (CFE).

39. Besides working together with the broad-based TACs, our economic agencies will need to take a more targeted approach to drive transformation of our key sectors. For ITP to be implemented successfully, effective partnerships with TACs are crucial. If SME Centres can be compared to GP clinics, then the role of TACs in the Industry Transformation Programme (ITP) would be akin to that of “specialist doctors”. Allow me to elaborate further.

40. First, businesses best understand the trends, opportunities and challenges of their sectors. In this regard, TACs can play a critical role in leading the transformation of their respective sectors, by organising the industry players and set the direction for growth and transformation of the sector. The Government has to work hand in hand with our businesses. There is a saying that “the business arena is like the battlefield”; businesses should work closely with one another to achieve greater results. In this regard, the Government can set the economic strategies, but at the tactical level, businesses must still lead the charge.

41. Second, TACs’ extensive reach and business networks also create a multiplier effect for Government to touch base with many more SMEs than Government agencies alone are able to. Ms Sun Xueling had asked about how SMEs can be alerted to business trends and opportunities. One effective way is through the TACs. Mr Leon Perera may also wish to note that Government support for TACs is carefully scoped out and meant to create as wide an impact as possible. Since 2005, SPRING and IE Singapore have worked with 35 TACs on various sector upgrading projects under the **Local Enterprise and Association Development (LEAD)** Programme. As of March 2016, 35 TACs have been supported for more than 180 industry-upgrading projects, totalling more than \$120 million in grant and benefitting about 40,000 local enterprises.

42. Third, TACs can also support their sectors’ growth by facilitating the aggregation of demand and provide shared resources for the industry. This can free up the time and energies of many SMEs, and allow them to focus on their core functions.

43. Fourth, TACs can embark on Operation and Technology Roadmapping (OTR) with A\*STAR under the GET-Up Programme for its respective sector. OTR is a



detailed step-by-step plan that lays out the technological capabilities needed for companies or sectors to remain competitive.

44. Fifth, as Mr Thomas Chua has noted, TACs can also bring SMEs together and help them internationalise. For example, a number of TACs have worked with IE Singapore on the **Deal Hunter Programme** to help SMEs source for business leads on a collective basis. Under this programme, the **Franchising and Licensing Association (Singapore)** organised 47 meetings in Japan for 6 companies, resulting in 15 business leads and overseas sales of \$530,000.

## **STRENGTHENING CAPABILITIES OF THE TRADE ASSOCIATIONS AND CHAMBERS (提升商团的自身能力)**

45.对于组织比较严密、准备发挥更积极作用的商会，政府将投资更多资源来帮助提升他们的自身能力。如胡美霞女士和蔡其生先生所提到，我们将在一些特定行业推行升级版的“本地企业与协会发展计划(LEAD Plus Programme)”。我们将先与已有一定能力的商会，从需要尽快转型的各行业先着手。

46.为了让商会开发领导力，标新局在升级版的“本地企业与协会发展计划(LEAD Plus Programme)”之下将与商会合作，共同制定战略规划及继任计划，并且培养年轻领袖。为提升商秘书处的管理能力，标新局将支持新团队的企业职能管理培训，还计划在未来5年，向商团临时调任多达20名公务员，并且承担70%的调任费用。此外，为商会提供资金，用于购买咨询服务，以及硬件和软件升级，以便帮助商会提升人力资源、信息通讯技术及财务等内部工作流程。

47.为推动行业转型，标新局将与商会在升级版的“本地企业与协会发展计划”下合作，为会员企业提供更完善的服务。例如，标新局将支持一系列由商会主导的活动，包括与创新中心(Centres of Innovation)合作、策划“经营和技术路线图”，以及开展分析市场走势和消费者消费模式的市场感知活动。

48.升级版“本地企业与协会发展计划”(LEAD-PLUS)将分阶段推行。率先实行的，是已完成基本“本地企业与协会发展计划(LEAD)”项目的商会。

49.我鼓励那些缺乏规模的小型商团与标新局共同开展“本地企业与协会发展计划(LEAD)”项目。林勋强部长之前也提到，商会能与标新局开展业界合作项目(TAC-Collaborative Industry Projects)，一同提升中小企业会员们。通过这些项目，商会与中小企业能够与本地科研院所合作，引用最新科技。这包括了孙雪玲女士所提到的数据分析、食品包装等技术。

50.商会们也可以互相合作。就如物流业的商会们可以与零售业或是餐饮业内的商会们一同合作，解决彼此业务上的难题。小规模商团也可考虑迁至裕廊集团位于“裕廊镇大会堂”(Jurong Town Hall)的“商会中心(Trade Association Hub)”。小型商会汇聚在一处便可共享设施，使用大商会的秘书处服务，探索培训等领域的合作，以及组织出国考察活动。目前，除了新加坡中华总商会以外，还有十几个商会表示愿意迁至该处。

51. 财政部长谈到在产业转型计划下，建立合作关系的重要性。但与此同等重要的，是转型必须首先源于企业本身。政府能够为企业提供拨款补助，商会可积极参与产业转型，但如果企业本身没有转型动力，一切努力，都会功亏一篑。正如蔡其生先生在预算案辩论中所述，中小企业必须要有正确的观念，要有转型意愿。我们与商会合作，就是要在本地企业中，营造更强大的自力更生、自强不息的精神。

(Translation for para 45 to 51)

45. For TACs that are willing and ready to take on a larger role, the Government will put in more resources to build up their capabilities. Ms Foo Mee Har and Mr Thomas Chua may wish to note that we will be introducing the **LEAD Plus Programme** to help TACs from selected sectors. For a start, we will be working more closely with TACs that have already achieved a certain level of competency, and from priority sectors for transformation and growth.

46. To help address the need for leadership development among TACs, SPRING's **LEAD Plus Programme** will support selected TACs on strategic planning, succession planning within the TAC, as well as groom younger leaders. To strengthen the management of the TAC Secretariat, SPRING will support training of the leadership team to manage corporate functions, and also the secondment of up to 20 public officers over 5 years to the TACs. SPRING will support up to 70% of the cost of this secondment and development programmes. In addition, SPRING will also support the upgrade of internal processes within the TACs, such as in HR, IT and Finance, by providing funding for consultancy, hardware and software upgrading.

47. To spur transformation of the sector, SPRING will work with TACs under LEAD Plus to strengthen the services they provide to their members. For instance, it will support a wide range of TAC-led activities, including collaboration with Centres of Innovation (COIs), OTR and market sensing activities.

48. LEAD Plus will be introduced in phases, starting with TACs that are already on board the LEAD Programme.

49. For smaller TACs that may lack the scale or capabilities, I encourage you to start by embarking on LEAD projects with SPRING. As mentioned by the Minister for Trade Lim Hng Kiang, TACs can also work with SPRING on **TAC-Collaborative Industry Projects**, in order to benefit your members. Through these projects, TACs and SMEs can work with our Research Institutes and tap on new technologies, which could include data analytics and food packaging technologies as mentioned by Ms Sun Xueling.

50. TACs can also come together and collaborate. For instance, our TACs in the logistics sector can also work with TACs in the Food or Retail sectors, to provide solutions to one another's problems in a synergistic and complementary manner. Smaller TACs can also consider moving to the TA Hub, at Jurong Town Hall. By clustering at the TA Hub, smaller TACs can share facilities, tap on secretariat support from the larger TACs, and explore collaboration in areas such as training, and organising overseas missions. I am happy to note that in addition to SCCCI,

more than 10 TACs have indicated their interest to locate at TA Hub.

51. Minister for Finance also spoke widely about the importance of partnerships in the ITP. But just as importantly, transformation must first come from companies themselves. We have grants for companies and TACs can take a proactive role in transformation and innovation, but all these will come to nought if companies do not have the hunger to transform. As Mr Thomas Chua mentioned during the Budget Debate, SMEs need to have the correct mindset and must want to transform. By working with the TACs, we want to foster a stronger spirit of self-reliance within our local enterprises.

## **CONSUMER PROTECTION**

52. Mr Lim Biow Chuan has asked if more protection for consumers can be legislated.

53. The Consumer Protection (Fair Trading) Act, or CPFTA, is regularly reviewed to ensure that it continues to provide consumers with adequate protection. We started our review last year, and have engaged industry including CASE for their views. We are nearing the end of this review and intend to start public consultations soon.

54. Let me respond to Mr Lim's specific points. First, our proposed enhancements to the CPFTA will include strengthening the injunction framework to prevent errant retailers from side-stepping injunction orders, and appointing an administering government agency with investigation and enforcement powers. Those who engage in criminal activities such as outright cheating will continue to be investigated by the Police under the Penal Code.

55. Secondly, to mandate that businesses put prepayments into escrow accounts will raise business costs which unfortunately, would ultimately be passed on to consumers. Instead, consumers can protect their prepayments by choosing retailers that are CaseTrust accredited. Most CaseTrust accredited retailers provide protection for consumer prepayments. We encourage more trade associations to work with CASE on accreditation schemes to better safeguard consumers' interests.

56. Thirdly, the CPFTA provides the same protection to consumers, whether their purchases are made online or from our regular brick-and-mortar retailers. On practices such as pre-ticked boxes and arbitration clauses, the CPFTA already requires retailers to make material information clear to consumers prior to these transactions. We are working with CASE to educate consumers on the importance of reading the terms and conditions before finalising the transaction.

57. And fourthly, MTI has engaged CASE on making information on petrol prices and discounts more accessible to consumers. CASE is working towards putting such information on their website.

## **CONCLUSION**

58. Mr Chairman, in conclusion, economic restructuring is a long-term effort which cannot be put on hold. SMEs must make use of every opportunity to upgrade our capabilities. The Government, too, needs to work closely with the industry on this and hence, need to strengthen our partnership with the TACs. I am confident that we will emerge from our challenges a stronger economy, and our SMEs more competitive than before.