

**MOF COMMITTEE OF SUPPLY DEBATE 2011**  
**COS SPEECH BY**  
**SECOND MINISTER FOR FINANCE, MRS LIM HWEE HUA**

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**A. INTRODUCTION**

A1. Mr Chairman, first let me thank honourable members for their comments and suggestions. Given the time constraints, I shall highlight the key intent of the relevant policies, and address specific comments wherever possible.

A2. The questions that Members have raised centred on three areas, which I shall address in turn:

- First, building a high-performance and accountable government.
- Second, fostering a favourable environment for business.
- Third, building capabilities in the accountancy sector.

## **B. HIGH-PERFORMANCE AND ACCOUNTABLE GOVERNMENT**

B1. Sir, My Ministry will continue with our efforts to build a high-performance government that is accountable to Singaporeans. We adopt a three-pronged approach:

- i) First, to promote **Whole of Government (WOG) Strategic Outcomes** by addressing important challenges and opportunities that cut across agency or ministry boundaries.
- ii) Second, to inculcate a mindset of **Fiscal Prudence** amongst all our agencies through various measures to promote value-for-money practices.
- iii) Third, to build a **Collaborative Government in the delivery of e-Services**, so as to tap the potential of technology to improve government service delivery, with the government working hand in hand with the private and people sectors.

## **B(I) Promoting WOG Strategic Outcomes**

B2. MP Jessica Tan asked about the progress the Government has made in driving strategic outcomes through a Whole-of-Government approach.

B3. As policy issues become increasingly complex and cut across traditional ministry boundaries, the need to augment the current approach to inter-agency collaboration has become even more pressing. Our public agencies have to increasingly work together as one networked government to address strategic challenges. For MOF, this means that we will have to assess outcomes holistically from a whole of government perspective, not compartmentalised by individual ministries, in order to allocate funds to achieve the best outcomes for Singapore.

B4. The **Singapore Public Sector Outcomes Review, or SPOR**, which was published by the Ministry in December last year, captures this intent. It takes stock of the collective efforts by the different government ministries, acting together beyond their individual ministry remit, to address strategic challenges facing our nation, and assesses the progress that has been made thus far. This collective effort to monitor current and emerging policy issues guides our strategies and resource allocation for the future.

B5. Notwithstanding the inherent difficulty of coordinating efforts across agencies, the report shows that Singapore has done well overall. How do we assess this? We look at the outcomes. Our economy remains internationally competitive, more people are

satisfied with the local living and working environment, and Singaporeans are proud of our nation. Let me now illustrate with three examples of what is meant by promoting WOG outcomes.

B6. The first example relates to public satisfaction with Singapore's living environment over the years. In 2003, 70% of the public were satisfied with Singapore's living, working and leisure environment. In 2009, this rose to more than 83%.<sup>1</sup>

B7. This achievement was the result of collective efforts made by a number of our agencies to enhance the quality of life in Singapore, in very much the way that Ms Jessica Tan has described. Some of these initiatives include the renewal of our public and private housing estates, the development of surrounding recreational areas such as the Southern Ridges and Changi Waterfront, the beautifying and landscaping of the waterways and reservoirs under the Active, Beautiful, Clean (ABC) Waters programme, and the promotion of arts and culture such as the building of the National Art Gallery. Singapore is now well-regarded internationally as a more vibrant city to live, work and play.

B8. Next is an example of ministries working to jointly address issues relating to youth offenders through the Central Youth Guidance Office (or CYGO). MOE, MCYS and MHA are partners of the CYGO which was set up in June 2010 to maintain an overview of the entire spectrum of youth offending issues. The CYGO was also established to provide a platform where cross-

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<sup>1</sup> Source: Public Perception Survey / Lifestyle Survey, MND

cutting issues can be discussed, analysed and resolved in a more holistic fashion. Members can hear more about this under the MCYS' COS.

B9. The third example has been well discussed but is one which remains a challenge - that of sustaining our population in the face of our low fertility rate which has remained well below the 2.1 replacement rate in recent years.

B10. The National Population and Talent Division (NPTD) which was set up in the Prime Minister's Office in January 2011 to formulate and coordinate policies related to population and talent. Overseen by DPM Wong Kan Seng, the Division's responsibilities encompass policy areas previously under the purview of MHA, MOM, MTI and MCYS to ensure that these inter-related policies come under one centre of responsibility, to enable policy responses to be addressed, again, more holistically.

B11. MOF will continue to push for better public sector performance through more coordinated efforts across agency boundaries, so as to reach our collective goal of building a better Singapore.

## **B(II) Inculcating Fiscal Prudence**

B12. Let me now turn to Prof Faishal's question on the efforts made by MOF to instill fiscal discipline in public agencies. Fiscal discipline and prudence are hallmarks of the Singapore Government. We have put in place a two-pronged approach to ensure that public servants utilise resources prudently. Allow me to explain how.

### **Instilling Discipline in Public Agencies**

B13. First is the **block allocation of budgets**, within which agencies have autonomy. MOF uses the **Block Budget Framework** to instill discipline in Ministries' approach to budgeting, while also providing Ministries with flexibility in the allocation of their funds. Each Ministry's budget is allocated after a rigorous evaluation of the funding requirements by MOF. The budget is then allowed to grow annually at a rate pegged to GDP growth. Periodic reviews are carried out to ensure that the block budgets remain appropriate over time. Ministries take responsibility for optimising their budgets within the allocated amounts. The Block Budget system ensures that the Government remains lean and keeps a tight rein on expenditure within the overall GDP growth.

B14. As a complement to funding allocations under the block budgeting framework, MOF uses the **Manpower Management Framework** to allocate manpower resources prudently. Under this framework, public sector agencies have been allowed limited headcount growth to meet our growing challenges, but at a rate no

more than Singapore's resident labour force growth rate.<sup>2</sup> This establishes discipline in the use of manpower resources and encourages productivity improvements across the Government. At the same time, we also ensure that the framework is dynamic enough for the Government to respond to the changing environment effectively.

B15. For example, we have provided additional headcounts to MCYS for FY09 to FY11 for new programmes such as the Wellness Programme, as well as temporary increases to support the overseeing of the recently concluded Youth Olympic Games (or YOG). In this way, we ensure that the Government remains lean while remaining responsive to changes.

B16. The second prong in our approach to ensuring fiscal discipline is to build a **Value for Money mindset**. The **Value for Money Review Office** (or VFM Office), under the Accountant-General's Department, takes the lead in this. The VFM Office complements the Block Budget framework by conducting regular reviews of government projects and processes to ensure accountability in spending, value-for-money and fiscal discipline within the public sector. For example, the VFM Office found in one of its reviews that there was scope for better utilisation of common facilities such as car-parks and training facilities by some agencies. MOF has since been working with the relevant agencies to promote higher utilisation of such common facilities.

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<sup>2</sup> In FY2007 to FY2010 public sector agencies were allowed limited growth at a rate that is 0.5% (or 50 basis points) less than the annual smoothed Resident Labour Force (RLF) growth. To date, we have achieved a total increase of 10% or around 7000 headcount since headcount growth was allowed in FY2007.

B17. To cite another example, the VFM Office noted that a significant number of statutory boards were producing hardcopy annual reports. Some had added costly design features such as hardcovers, art papers and embossing. Following the review, MOF issued a circular to remind agencies to produce their annual reports in a cost-effective manner. A basic template was also provided for reference. As a result, agencies have taken creative steps to cut costs for publishing annual reports. For instance, International Enterprise (IE) Singapore now publishes its annual report entirely online, saving 30% of production costs.

## Ensuring Fiscal Discipline - Public Project Spending

B18. Sir, Prof Faishal asked about how we can prevent over-expenditure on large scale projects as was the case for our hosting of the Youth Olympic Games (YOG), while Ms Jessica Tan has emphasized and asked about how we are ensuring the strong management of large public projects.

B19. The Minister for Community Development, Youth and Sports Dr Vivian Balakrishnan had previously elaborated in this House on the cost escalation of the budget for the YOG. Hence, I shall not repeat his detailed explanation except to reiterate that as this was the first of its kind. In fact both the International Olympic Committee and ourselves started from scratch. It was a challenge to arrive at accurate estimates. In this case, the Government would have proceeded with the YOG even if the full cost had been known upfront, as the benefits exceeded the costs.

B20. Nonetheless, we agree that it is important for us to derive as accurate an estimate of the costs of major projects as possible. MOF will continue to improve our projections and processes. I wish to inform Members that in June 2010, MOF introduced a new measure to further strengthen the financial management of large public sector development projects. Under the **MOF Gateway Process**, projects above \$500m are subject to staged approvals for concept, design and implementation. A new panel, the Development Projects Advisory Panel (DPAP), comprising members with extensive expertise and experience in project management and development, will examine the specifications

and design of the projects at the early stage of project conceptualization. This process optimises the project's design and provides the most up-to-date cost estimates at the point of project approval. These measures will help reduce the likelihood of downstream cost overruns.

B21. In addition, MOF has setup a new Centre for Public Project Management (CP2M) in January 2011 to provide advisory services on project design and management to public sector agencies. This centre will also help to enhance the coordination of the pipeline of public sector development projects.

B22. Through our many measures to ensure fiscal discipline and value for money in our public spending, we will continue to make sure that public expenditure is allocated and made wisely.

### **(BIII) Building a Collaborative Government in the Delivery of e-Services**

B23. I will now address MP Zaqy Mohamad's question on how we are building a collaborative government that uses the internet to share ideas, engage and work hand-in-hand with Singaporeans.

#### **iGov2010 and e-Government Masterplan**

B24. Over the past three decades, Singapore's e-Government programmes have successfully leveraged advancements in technology to deliver convenient e-services for citizens and businesses. These efforts have not gone unnoticed. We are encouraged that today, Singapore is recognised as an e-Government leader internationally.<sup>3</sup>

B25. Having said that, rapid technological advances have led to significant changes in our operating environment over the last few years. Singaporeans are becoming more Internet-savvy, and are increasingly making use of the Internet to interact with one another and to share resources.

B26. NCMP Ms Sylvia Lim, during the Budget Debate, had asked about Web accessibility for people with disabilities. We adopt an inclusive approach to our e-Government efforts. Our web standards have incorporated key aspects of the World Wide Web

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<sup>3</sup> Singapore was ranked #1 in 2010 and 2011 in the Waseda University International e-Government Rankings, and ranked in the top 3 in the World Economic Forum's Global IT Reports on Government's IT Readiness and Government's IT Usage for the past 5 years.

Consortium's Web Content Accessibility Guidelines (WCAG), which is an internationally adopted standard developed for persons with disabilities. Some examples are the inclusion of captions for pre-recorded audio content, and allowing users to resize text by up to 200% without assistive technology. All government corporate websites will need to comply with these requirements by June 2012, and all other government websites and e-services by December 2013.

B27. The Government is constantly tapping on new media to reach out to, and connect with both citizens and business. This year, MOF worked with REACH to develop a Budget 2011 Micro-site to garner public feedback. Members of the public could follow and respond to real-time discussions posted on the website. Since it was started in December last year, we have recorded more than 67,000 page views. Our MOF Facebook page also saw a threefold spike in activity on Budget Day.

B28. Looking ahead, citizens and businesses can expect to enjoy more convenient services and new platforms to collaborate with Government as part of the new **e-Government Masterplan** which will be launched in June this year.

B29. Let me preview two new initiatives. The first is the One-Inbox, an electronic mailbox where subscribers can receive electronic correspondences from participating government agencies, in place of hardcopies. This not only helps to reduce the time taken to receive the letters, but also is especially useful for those who need to access their mail when travelling overseas.

Singaporeans can look forward to having their One-Inbox in 2012. In the second half of this year, we will also launch a first-stop portal called [Data.gov.sg](http://Data.gov.sg). This initiative will facilitate the sharing of government data with the public, and to promote the co-creation of applications and services with individuals and companies, by tapping on government data.

B30. We are already seeing some of this co-creation happening today. For example, Quantum Inventions Pte Ltd has developed a customised, dynamic navigation system which pulls together real-time traffic information from LTA and road users on current road conditions. Users can search, save and share routes and locations with friends over Facebook.

B31. Overall, within the Government, we have been leveraging technology to improve productivity and reap cost savings. To-date, we have launched 31 integrated government projects, resulting in an estimated cost savings of some \$140 million.

B32. On the issue of training and development, public officers involved in new media communications and engagement are sent for relevant training courses organised by both the Civil Service College and other private sector providers. These courses help officers better understand the new media landscape, and leverage new media in their organisations.

B33. [Mr Zaqy Mohamad](#) has also raised a question on SOEasy. We are in the process of rolling out SOEasy to government agencies progressively, and MOF and IDA are working with

government agencies to verify their ICT expenditure pre- and post-SOEasy. Besides cost savings, there are also intangible benefits such as new collaborative tools like instant messaging for public officers across multiple agencies, smooth and swift delivery of new ICT services for all agencies, as well as more regular and non-intrusive security updates for the entire public service.

## **Best Sourcing for IT Innovation**

B34. In terms of IT procurement, the key consideration for Best Sourcing is value for money, and *not* cost alone. This is true for any other government procurement. Public agencies must state their evaluation criteria upfront in the invitation to tender/quote, which would include other considerations besides price, such as quality and innovation. Agencies will then evaluate bids based on these criteria and award the contract to the proposal that offers the best value for money.

B35. Sir, I would like to add that there are ample opportunities for SMEs to compete. When IDA announced that 350 IT projects worth \$1.1bn were lined up for FY2010, the majority of these projects were smaller scale initiatives worth less than \$500,000 in value. These would provide opportunities for SMEs to participate in the tender process. SMEs can also come together in consortiums to bid for larger projects.

## **C. BUILDING A BUSINESS-FRIENDLY SINGAPORE**

C1. Sir, I shall now turn to the issues raised by Members on how we can ensure that Singapore remains a good place to do business.

C2. Although we have done well in building a pro-business environment and have been ranked favourably by the World Bank's "Doing Business" survey<sup>4</sup>, our challenge is to maintain this well-earned track record into the future.

### **C(I) Building a Competitive Tax System**

C3. One of our key planks is building a competitive tax system. MP Lee Bee Wah has asked if we should review the income tax of sole proprietors and limited liability partnerships or LLPs, to be in line with companies.

C4. Today, sole proprietorships or partnerships are not taxable entities. Instead, we levy personal income tax on the sole proprietor or the individual partners. This means the sole proprietor is subject to the progressive schedule of personal income tax rates ranging from 0% to 20%, and enjoys personal income tax relief.

C5. For example, while a sole proprietor or individual partner with \$20,000 of taxable income after deducting personal income tax

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<sup>4</sup> An annual survey that measures the regulatory environment and tracks how easy it is to do business within a country

reliefs would not have to pay personal income tax, a company with the same taxable income will have to pay \$1,275 of corporate tax.

C6. Our tax treatment of sole proprietorships or partnerships is consistent with practice in many other tax jurisdictions, such as Hong Kong, Malaysia and the UK.

C7. What the Member has suggested is effectively to align the top personal tax rate of 20% with the corporate tax rate of 17%. Sir, there is no pressing competitive need, and therefore little policy reason to do so. Indeed, most countries do not align their personal and corporate income tax rates. More importantly, the decision to adjust the top personal income tax rate should be evaluated based on its own merit, rather than its relativity to the corporate income tax rate.

C8. Ultimately, the decision to organise a business as a sole-proprietorship, partnership or company is a commercial one, a decision that needs to take into account various tax- and non-tax factors. Businesses will need to decide for themselves what legal form best suits their needs.

C9. Nonetheless, I would like to assure the Member that MOF takes a long-term view of the tax system. We look ahead to identify future trends, challenges and threats, and shape our tax system accordingly.

C10. Towards this end, we have developed a **Whole-of-Government Tax Masterplan**, which lays out strategic themes to

better guide public agencies in formulating tax proposals. These long-term changes to our tax structure reinforce our need for a diversified, competitive and progressive fiscal system that will strengthen Singapore as both a business hub and an inclusive society. And the changes could not have taken place over just one Budget cycle, or even two or three – they require long-term planning and gradual implementation.

## **C(II) Facilitating Business Processes**

C11. Next, let me turn to MP Jessica Tan's question on the measures put in place by the Ministry to support businesses, given Government's focus on productivity.

C12. Government plays multiple roles in helping businesses become more productive. One such role is that of policy-maker, putting in place the right incentives such as the Productivity and Innovation Credit (PIC) scheme, to encourage businesses to make the transition to productivity-driven growth.

C13. Equally important is our role as facilitator, where we aim to ensure that the Government's interface with businesses remains efficient and user-friendly, thereby helping our businesses become more productive themselves. And we will do more to facilitate business processes.

C14. Let me just quickly run through two initiatives. The first is Singapore Customs' **Trade Facilitation and Integrated Risk-based System, or TradeFIRST**. TradeFIRST integrates trade facilitation, risk management and compliance elements into a single holistic platform. Instead of going through multiple assessments by different officers for different schemes, each company will have an appointed account manager responsible for conducting a single holistic assessment for that company.

C15. The second relates to the introduction of a **Simplified Income Tax Return (Form C)** for small corporations with annual

turnover of not more than \$500,000. As smaller companies tend to have more straightforward business transactions and tax deductions, the majority of the items in the current tax return form do not apply to them. IRAS targets to implement this initiative from YA2012. About 60% of the company base will benefit from this.

### **C(III) Developing Globally Competitive Local Enterprises**

C16. Let me now take a few minutes to explain how we are strengthening the market for cross-border finance and improving access to growth finance to develop globally competitive local enterprises. These are the areas that NMP Teo Siong Seng has touched upon.

C17. The Government shares Mr Teo's sentiments on the need to boost availability of cross-border financing and access to patient growth capital to further support the growth of a vibrant SME sector.

C18. In addressing the gaps in these areas, the Government has adopted a market-based approach to ensure that the solutions firstly complement existing private sector players, and secondly are sustainable and subject to commercial discipline. We are also inclined to take a more measured and considered approach, because we want our intervention to be efficient and customised to meet the unique needs of our corporates.

C19. Indeed SMEs face hurdles for two main types of cross-border financing needs. First, there is inadequate access to trade and internationalisation finance, especially for emerging markets. Second, there is limited capacity in the market for long-tenor project finance. Let me just touch briefly on approach in addressing these structural constraints.

## **Trade and Internationalisation Financing**

C20. We currently have several trade and internationalisation financing schemes, with IE Singapore partnering private financial institutions to provide government support. These schemes have catalyzed export-related loans worth about \$4.7 billion over the last five years, and have benefitted more than 2,200 SMEs.

C21. However, we recognize that the current schemes are constrained by the relatively under-developed export credit insurance market and the reduced risk appetites of the financial institutions post-financial crisis. Risk-sharing is less effective in facilitating financing where existing market players lack capabilities to underwrite risks. Also, our SMEs, who typically have to internationalise at a relatively earlier stage than their counterparts often do not have sufficiently diversified portfolios to obtain insurance for individual transactions.

C22. We have conducted a detailed feasibility study on the possibility of setting up a full-fledged institution to address the trade and internationalisation finance gaps in Singapore. However, we found that there are insufficient economies of scale to do so. Such an institution would crowd out commercial financial institutions from a significant part of the market space they are already serving.

C23. We are therefore inclined towards improving on the current scheme-based approach. One possibility is an outsourced approach to target the delivery of the trade financing schemes to

better meet the needs of SMEs. Under this model, we will engage private providers to administer a trade and internationalisation finance programme for the Government in return for a fee. These providers would have the expertise in risk assessment and underwriting, and can customize finance terms to match the risk profiles of transactions. The approach will be company-centric, and would be an improvement from the current approach of a fixed set of scheme conditions for all firms. Companies will benefit from support that is better tailored to their financing needs and more responsive to market conditions.

C24. Under the outsourced approach, the Government will continue to provide support in the form of risk-sharing and premium subsidies, which are also currently being provided under the Internationalization Finance Scheme and Loan Insurance Scheme. There is also scope for new products that may be relevant to SMEs but are not available currently, such as single-name credit insurance and guarantees for overseas investments.

C25. We will provide an update on the study of the outsourced approach by the second half of this year. In the interim, companies can continue to tap on the existing trade financing schemes.

## **Project Financing**

C26. Let me now move onto project financing, which was also touched on by Mr Teo. Mr Teo has observed that local banks are shying away from ship financing due to the capital-intensive nature and the perceived high risks of the shipping industry.

C27. The Government recognizes that shipping is a capital intensive industry requiring financing support. As part of Budget 2011, companies under the Maritime Sector Incentive will be exempted from paying withholding tax on the interest payments on loans they may take, for the construction and purchase of ships. This will help reduce the cost of financing ship construction and purchasing ships.

C28. There is currently limited capacity for large-ticket, long-tenor project finance, especially in emerging markets. As mentioned by the Minister for Finance in the Budget Speech, the Government is working with Temasek Holdings to develop project financing. Temasek is in discussions with potential partners on establishing a project finance institution that is financially and commercially viable, and sustainable. This initiative would benefit many sectors that require project financing, including the maritime sector.

## **Co-Investment Programme**

C29. Mr Teo has also touched on investment capital by SMEs. Raising capital by smaller companies is inherently challenging. Hence, in December 2010, the Government launched the Co-Investment Programme (CIP), with the aim to nurture globally competitive companies by catalysing the supply of patient growth capital to Singapore-based enterprises, particularly SMEs. MP Liang Eng Hwa had also raised a similar question on the CIP during the Budget Debate.

C30. Under Phase 1 of the CIP, we expect about \$200 million, or 40% of the total capital catalysed to be channelled to SMEs with annual revenues below \$100 million. However, I should add that it is not the intent of the Government to pick winners through the CIP by providing special consideration or added incentives for SMEs in certain industries. The selection of investee companies will be left to the private fund managers to decide. But I foresee that innovative and growth-oriented enterprises across all sectors would naturally be investment targets under this programme.

C31. Mr Liang also suggested for part of the CIP to be set aside to nurture and support young entrepreneurs, in particular those with innovative and creative ideas. To clarify, the CIP is primarily targeted to provide longer-term equity capital for growth-stage companies that already have revenue streams and are poised for the next stage of growth. There are currently sufficient government schemes that support entrepreneurship and early-stage start-ups, such as SPRING's Start-up Enterprise Development Scheme

(SEEDS), where the Government co-invests with the private sector in high-growth start-ups. There is also a range of tax incentives that encourage entrepreneurship and promote enterprise development.

## D. BUILDING CAPABILITIES IN KEY SECTORS

### D(I) Developing the Accountancy Sector

D1. I will now address the cuts raised by MPs Muhammad Faishal, Ho Geok Choo and Teo Ser Luck relating to Government's efforts to develop capabilities in the accountancy sector.

D2. The **Committee to Develop the Accountancy Sector or CDAS**, convened by my Ministry to review the accountancy sector, submitted its final report in April 2010. One of the key recommendations was the establishment of a **Singapore Accountancy Council, or SAC**. This will be a high-level council tasked to develop and implement a holistic strategy to transform Singapore into a global accountancy hub.

D3. The SAC will coordinate and synergize the efforts of all stakeholders in the accountancy sector, including professional accountancy bodies such as the Institute of Certified Public Accountants of Singapore, or ICPAS; the universities, polytechnics, and private institutions; accounting services firms; businesses; and accounting professionals.

D4. The SAC is expected to be established in early 2012 once the requisite legislation is in place. Prior to this, we have established the Pro-Tem SAC in September 2010 to set up the governing framework and implementation roadmap for the CDAS recommendations.

- D5. Four Sub-committees have been formed, these are namely:
- a. Firstly, the Singapore Accountancy Qualification Programme (QP);
  - b. Secondly, the Accountancy Services Research Centre (ASRC) and Accountancy Sector Development Fund (ASDF);
  - c. Thirdly, the Chief Financial Officers (CFO) Institute; and
  - d. Fourthly, other Centres of Excellence (CoEx).

D6. Our target is to implement the first phase of initiatives by early 2012. These would include the launch of the new **Qualification Programme**, and other training programmes such as internal audit. We also hope to establish a network of CFOs, and have in place the rudiments of an Accountancy Services Research Centre, by then.

D7. Mr Teo has talked at length about the role of ICPAS. I have earlier explained the role of the SAC, as a high-level council that oversees and coordinates efforts across the whole accountancy sector. ICPAS, as the largest professional accountancy body in Singapore, is a key stakeholder. It is expected to continue with its work of developing and enhancing the interests of its membership, for example by conducting professional development courses. It is heartening to know that ICPAS is prepared to re-structure itself in order to play an even greater role. There is clearly complementarity in ICPAS' and the SAC's mandates.

D8. Second, MP Teo Ser Luck asked about the impact of the proposed post-graduate accountancy qualification on our accountancy undergraduates. MP Ho Geok Choo also asked about the attractiveness of Singapore to foreign accounting professionals and the proportion of business that Singapore-based accounting firms derived from overseas. Let me take both questions together.

D9. Currently, there is no available information that comprehensively captures the contribution of business derived from overseas by our accounting firms. But we will be discussing with our larger accounting firms to see how we can track the contributions from overseas business, for example, through the use of periodic surveys. As a whole, the accountancy sector has been growing steadily in tandem with GDP growth. We aim to double the sector's contribution to GDP, from the current level of 0.5% to about 1% over the next 10 years.

D10. The keen competition for accounting talent across industries in Singapore and internationally is a key challenge for us, given the limited number of local accountancy graduates each year. A deep talent pool is critical to the development of Singapore into a leading global accountancy hub in Asia. To grow the talent pool here, we are developing the Singapore-branded, post-university professional accountancy programme.

D11. Currently, accountancy graduates can choose from a range of programmes offered by the various internationally recognized professional accountancy bodies in Singapore.

D12. The new “Qualification Programme” or “QP” for short will be *an additional option* for accountancy graduates. The QP will be comparable to other internationally recognized programmes.

D13. Besides the objective of global recognition and international portability, the QP will also offer a unique value proposition by equipping our accountancy professionals with the expertise, skills and knowledge that are relevant and sought after in the Asian marketplace. To achieve this, the QP curriculum will be tailored to the Asian context.

D14. More importantly, the QP will also provide a pathway for graduates from *non-accountancy* backgrounds to enter the profession. This will help to enlarge the talent pool and attract persons of diverse professional backgrounds from Asia and around the world.

D15. Finally, on the mandate and uses of the **Accountancy Sector Development Fund**. The Accountancy Sector Development Fund will be established under the purview of the SAC to support the implementation of the CDAS recommendations and improve the capabilities of the accountancy services sector.

D16. Developing the accountancy profession is a joint endeavour, requiring all stakeholders to contribute time, effort, resources and funding. On our part, Government is prepared to provide seed funding to build up the Fund so that it can start off on a strong footing.

D17. Some of the possible uses of the Fund include:

- Building value-adding capabilities for the accountancy services sector, by developing specialization pathways through the setting up of Centres of Excellence in areas such as internal audit, business valuation, risk management, and the professional development of CFOs; and
- Promoting thought leadership, research and developmental activities through the establishment of an Accounting Services Research Centre.

D18. The details on the establishment of the Fund and its uses are still being worked out and would be announced to the public once they are finalized.

## **E. Conclusion**

E1. To sum up, I have elaborated in my speech on how MOF will take a comprehensive approach towards its key focus areas of, first, ensuring a high-performance and accountable Government; second, fostering a favourable environment for business; and third, developing capabilities in the accountancy sector.

E2. As the Minister for Finance has articulated many times, MOF will continue to build a high-performing government, one that is prudent, accountable and pro-business so as to create a vibrant economy and bright future for Singaporeans.

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