

THE STRAITS TIMES INTERACTIVE

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Nov 9, 2005

10 proposals for Budget 2006

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For The Straits Times**

NOW is the time of the year when the Ministry of Finance and other government ministries work on budgets for the next fiscal year. Budgets are not merely financial tools. More importantly, they set out the ministries' priorities and plans for the coming year.

Let me set out 10 suggestions for Budget 2006. These suggestions will advance our national agenda of building a more inclusive and transparent society, and a more competitive and open economy.

• 1: Satellite TV

In recent years, the media industry has flourished. Singaporeans have enjoyed greater choice and diversity of information and entertainment. One area in which we can do more is broadcast TV.

Singapore Press Holdings entered the broadcast TV business, and then withdrew. MediaCorp remains the dominant broadcaster.

Yes, we do have cable TV - but there is only one provider, StarHub. How do we know that StarHub is offering the best possible choice and pricing? In many markets, providers are subject to the test of market competition. However, it is not profitable for a competitor to build another cable network. There is another way to achieve competition - satellite TV. Our media competition policy should be technology-neutral and admit satellite TV.

• 2: Public-Private-People (PPP) Partnership

In the last Budget debate, Prime Minister Lee Hsien Loong spoke about right-sourcing the provision of government services. I support this. However, I worry that our small and medium enterprises will suffer severe collateral damage. (Let me disclose immediately that I am financially involved in various SMEs.)

By their very nature, these outsourcing projects are large in scale - an incineration plant, IT services for all government ministries, logistics services for the army. The PPP partners will be conglomerates and other large firms.

So, our SMEs might no longer see the procurement of cleaning services, security services, PCs and network equipment, spare parts, stationery, and miscellaneous supplies components on Gebiz, the government system. All this business might go to the respective conglomerates' subsidiaries and associates.

Can we not specify that PPP partners continue to use Gebiz to procure these goods and services? Government contractors can be

required to abide by standards for quality and environmental protection. Why not for transparent procurement?

• 3: Clubs, timeshares and alternative investments

Singaporeans have frequently been burnt in the purchase of club and timeshare memberships, as well as 'alternative investments' such as ostrich farms and overseas property. We have robust consumer protection for the sale of things like cameras. We need the same for long-term consumption items such as club and timeshare memberships.

Similarly, we have comprehensive investor protection for the sale of shares, unit trusts and other financial instruments. We need the same for the sale of alternative investments. Caveat emptor works well only if the purchaser is fully informed.

• 4: Private information privacy

In September, The Straits Times Forum page was inundated with horror stories about the misuse of personal identifiers, especially identity cards and IC numbers. We need to legislate a code of practice on collecting and handling personal information.

The Ministry of Information, Communication and the Arts (Mica) is working on an anti-spam act. We should take this opportunity to protect consumers against telemarketing, and especially to mobile numbers.

Mica might say that we could screen the incoming number. But when I'm travelling in Europe and get a call from an unfamiliar number, how do I know that it is a telemarketer and not a teacher reporting that my son has had an accident?

• 5: Compensation of key statutory board employees

I applaud our government for paying good salaries to political office-holders and civil servants. This is the cornerstone of our clean and transparent administration. But there remain areas for improvement.

The government publishes the earnings of political office-holders, MPs and civil servants. Public-listed companies publish the earnings of their directors and top managers. Statutory boards, being owned by the people, should also follow suit.

• 6: Tax-free car allowance for senior civil servants

Every year, senior civil servants receive two months' salary as tax-free car allowance. In Parliament, Defence Minister Teo Chee Hean explained that the allowance was computed on a tax-equalised basis. He agreed that the tax exemption could be reviewed.

Let us review the entire allowance now. The prices of COEs and cars have fallen substantially since the mid-1990s. Today, for example, an annual tax-free allowance of \$40,000 would provide a new BMW-320 every 3 1/2 years. Obviously, the allowance should be pegged to the prices of cars, not a multiple of the civil servant's salary. And, of course, the tax exemption should be removed.



Estate duty is now payable on the value of any estate with a \$9 million exemption for housing and \$600,000 exemption for all other assets.

In Parliament, Prime Minister Lee agreed that the disparity in exemption limits for residential properties and all other assets could potentially distort investment choices towards residential property.

Prime Minister Lee said he would review the exemption from time to time, along with other aspects of the estate duty rules. Let us do so, now. Especially as Hong Kong has just decided to abolish estate duty altogether.

- **8: Record-keeping**

Earlier this year, the Inland Revenue Authority of Singapore (IRAS) retrenched 120 staff as computerisation and e-filing increased efficiency. Yet, IRAS still requires all of us to keep records for eight years. Should the taxpayer not benefit also from the streamlining of IRAS processes and procedures? Further, we have fallen behind Australia and the UK - they do not impose such onerous record-keeping requirements.

In Parliament, Second Minister for Finance Raymond Lim agreed to consider reducing record-keeping rules and incorporate changes in next year's Budget. Many taxpayers will look forward to this.

- **9: Overhead bridges**

Too often, I see senior citizens and people with baby strollers or carrying heavy items crossing roads that are heavy with fast-moving traffic. Each time, I hold my breath and pray that no harm will come to them.

We should do more to build pedestrian crossings with gentle slopes, preferably including ramps.

The Ministry of Transport might respond that this is poor use of land. What about Upper Bukit Timah Road between Bukit Timah Plaza and the fire station? There seems to be plenty of space, yet the bridges follow the standard design. And, so, I continue to hold my breath as older people and mothers with children dash through the traffic.

- **10: Sharing the fruits of our national success**

Schemes such as the New Singapore Shares, CPF and Medisave top-ups are distributed to rich and poor alike. But well-off citizens hardly notice a few hundred dollars of shares or top-ups.

Singaporeans are a generous people - witness our generosity towards causes like the Asian tsunami. So my proposal is to focus future distributions of Singapore shares and top-ups on the needy.

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