

Singapore

1. In which areas of structural reforms have the most significant progress been made in your economy in the past five years? Please describe in what way you think the progress has been significant? Any structural reform activity can be included here, and does not necessarily need to be restricted to the five LAISR themes.

Regulatory reforms have evolved to meet the needs of businesses and create a more conducive business environment for our enterprises. Singapore has made significant progress in all five areas under LAISR2010: Competition Policy, Regulatory Reform, Corporate Governance, Public Sector Management, and Strengthening Economic Legal Infrastructure.

- (1) Competition policy: The **Competition Commission of Singapore (CCS)**, an independent and transparent investigative body, was established in 2005 to maintain competitive markets in sectors which were previously unregulated and have now been included in our Competition Act. Singapore previously only had regulatory bodies that ensured competition in sectors which tended to have natural monopolies (e.g. telecoms, rail transport, etc.). An example of CCS's work in maintaining fair competition is the recent \$1.69 million fine on 16 coach operators and association for price-fixing in 2009. Besides this, CCS also issued a new set of guidelines on "Competition Impact Assessment for government Agencies" last year, bringing the current total to 13 (for the full set of guidelines, please refer to the website: <http://www.ccs.gov.sg/Guidelines/index.html>). These guidelines provide advice for businesses and contribute to fairer and more competitive business climate for enterprises.
- (2) Regulatory reform: The **Smart Regulation Committee (SRC)** replaced the Rules Review Panel (RRP) in 2005. Its primary function is to develop a regulatory regime that is friendly to business and investment by reducing the cost and burden of regulation on stakeholders (i.e. citizens and businesses) while safeguarding and maximizing public interest and creating a competitive and innovative business environment. It promotes a more consultative regulatory style and works closely with the private sector, such as the Action Community for Entrepreneurship (ACE) movement. This improves the quality of government regulations and removes outdated or unnecessary regulations. Agencies are encouraged to carry out regular regulatory reviews to continually improve the quality of our regulations. Agencies that did well are invited to share their practices with other government agencies which created a positive reinforcing loop.
- (3) Corporate governance: The **Council for Corporate Disclosure and Governance (CCDG)** was subsumed under the Accounting Standards Committee (ASC) in 2007 to strengthen credibility and transparency in financial reporting. It sets legal requirements for companies to comply with accounting standards which encourages enterprises to be fiscally responsible and accountable to its shareholders.
- (4) Public sector management: The **Public Service Division (PSD)** manages the talent pool in the public service. PSD launched the Public Service for the 21st Century (PS21) movement in 1995 to promote an attitude of change-readiness within the Public Service. Initiatives implemented under PS21 includes its emblematic project, *The Enterprise Challenge (TEC)*, a central fund for trial-testing innovative and promising projects which are "experimental"

in nature; and the *ExCEL* (Excellence Through Continuous Learning and Enterprise) initiative which looks into harnessing the creativity and diversity of the Public Service, reinforcing the spirit of continuous improvement, innovation, and learning as part of our officers' life. New ideas or suggestions can be made through two channels: Work Improvement Teams (WITS) and Staff Suggestion Scheme (SSS). A tangible outcome is an attitude of service excellence as a way of life and PS21 serves as a reminder to Public Service employees' core purposes which is to serve the public with nothing less than the highest standards of Courtesy, Accessibility, Responsiveness, and Effectiveness (i.e.: CARE). In addition, **World•Singapore**, which provides an overarching framework of new growth strategies for Singapore, was started in 2006. It is a service-wide movement that serves as an impetus to energise work in these areas by getting public officers to think globally and work as a networked government, so as to identify and seize opportunities for Singapore.

Lastly, finance prudence is important in ensuring that there are no profligacy and pork and barrel spending in the public service. The *Economy Drive* movement was initiated in May 2003 to reinforce the mindset of fiscal prudence in every public officer to stretch every public dollar. Our Ministry of Finance manages the initiative to guide public agencies to build a trim, efficient and excellent public service. The Agencies are required to review public programmes and expenditure to scale back or remove those which are less useful or cost-ineffective. Each dollar saved is then channeled into newer or more important projects so that the agencies' effectiveness is not compromised. A Value-for-Money Office has been set up to systematically examine whether government expenditures are achieving good value for money and meeting the intended outcomes. The observations and recommendations from these reviews are shared with top management as well as public sector agencies.

- (5) Strengthening economic legal infrastructure: Singapore is committed to build a strong and dynamic regime for the protection and exploitation of Intellectual Property Rights. We review our IP legislation regularly to consider changes brought about by technological developments. In 2008, we made amendments to the **Trade Marks Rules** which allows electronic communication with the trade mark agents and vice versa in relation to trade mark prosecution matters. Besides that, we are committed to issuing certificates of registration or statements of grant of protection for objection-free and opposition-free trade marks within four months from the date of national filing or within four months from the date of notification from WIPO for applications filed through the Madrid Protocol. Applicants are thus granted rights expeditiously where possible.

To raise awareness about IPR, IPOS educates the general public through its **HIP Alliance** initiative via broad-based advertising and collaborations with like-minded partners to encourage the public to respect IP. Collaborations include partnering with the Motion Picture Association (Singapore Office) to launch an anti-piracy trailer in April 2008 and organizing an anti-piracy trailer contest among pre-tertiary students in 2009. In addition, the **Intellectual Property Education and Resource Centre** (IPERC) is a training facility cum resource library designed to meet the information and training needs of users of all levels, such as the *Knowledge Kaleidoscope* for businesses which features a series of IP management factsheets that provides businesses with an insight into the many facets of their intellectual assets and helps businesses to better incorporate intellectual property in their overall business strategy to help improve their competitiveness and strategic advantage.

2. Describe examples of successful reforms and lessons learned in your economy in implementing structural reforms in the five LAISR areas. Please indicate relevant websites or other reference material, preferably those written in English.

(1) Pro-Enterprise Panel (PEP): <http://www.ace.sg/site/Page.aspx?id=D2D859B3-0ACF-4A43-818F-D02C0F7C17B2>

Lessons learnt:

PEP's vision of sustainable economic growth through the cultivation of a pro-enterprise environment has not only allowed businesses to be innovative and to seize opportunities timely, but allowed the government to re-invent itself effectively. The key lesson is that participation from all levels of the government and the private sector is critical. The pro-enterprise movement has been successfully driven from the top by public sector leaders and business leaders. Within the Public Service, the PEP had to manage concerns faced by individual agencies. For some agencies, the nature of their regulatory activities and overarching priorities (e.g. security) makes it more difficult for them to be pro-enterprise. To secure buy-in from these agencies, the PEP had to manage their specific concerns. Where possible, the commitment from their senior management was secured to ensure effective review throughout the agency. The active commitment of the business leader volunteers is also crucial for the PEP. Business leaders do not simply champion the suggestions put up by businesses as a matter of course. There have been cases where they have defended the need to regulate certain activities, in the interest of public good. These business leaders help the rest of the business community realise that there is a need to maintain a balance between the need to regulate certain activities with the interests of businesses. Together with their Public Service counterparts, they know that it is not just about eliminating rules, but finding an optimal balance that avoids both over-regulation and under-regulation. And together, they work towards a win-win approach, which ensures the interests of both businesses and the general public are taken care of. This win-win approach has led to a policy to regulate only critical aspects smartly, and the removal of many unnecessary regulations, making Singapore the most pro-enterprise economy in the world. However, the effort cannot stop. With many agencies already adopting a pro-enterprise mindset, the PEP is focusing its effort on cross-agency issues and ensuring that the lead agency approach (where one agency takes the lead to push forward efforts to improve a cluster of regulations which are overseen by a group of agencies) takes root. It has also started seconding officers from "lower ranking" agencies in the Pro-Enterprise Ranking survey to be actively involved in the PEP, so that these officers can share and impart the pro-enterprise mindset when they return to their agencies. By enhancing Singapore's economic edge through welcoming diversity and enterprise, its ultimate contribution is in helping Singapore thrive as a nation of people connected and working together.

(2) Competition Commission of Singapore (CCS): <http://www.ccs.gov.sg/>

Lessons learnt:

Engaging the public as a stakeholder who can help to keep a lookout for uncompetitive behaviour in Singapore is an important component of CCS' regulatory efforts in ensuring that our economy remains competitive and fair. Complaints are useful in providing the CCS with information on potential anti-competitive activities in Singapore. The public can lodge complains with regard to a suspected breach of any of the three prohibitions under the Competition Act through the Complaint Forms. There are two types of complaint forms – the General Complaint Form (for complaints relating to anti-competitive agreements and abuse of dominance) and the Mergers Complaint Form (for complaints relating to mergers that will, if

carried into effect, infringe, or which have infringed, the prohibition against mergers which substantially lessen competition). Both Forms provide guidance on the information the complainant will need to submit to assist the CCS in an adequate assessment of the complaint. Forms can be submitted through email, post or fax. One example is the case against the Express Bus Agencies Association (EBAA). CCS issued a Proposed Infringement Decision (PID) against the EBAA and 16 companies for fixing the prices of express bus tickets from Singapore to various destinations in Malaysia from 2006 to 2008 on June 2009. Publicised cases like these act as a powerful deterrent against anti-competitive behaviour, and results in more choices for consumers and improves overall society welfare.

3. What in your economy's experience are the keys to the success of reform? (e.g. leadership, institutional framework, communication strategy, consultation process) What are the factors, if any, that impeded reform? What lessons can we learn from your experience?

- (1) Agencies have learned the **importance of public consultation** with pre-policy consultation exercises such as: focus groups, surveys, feedback forms, forums, telephones, forms and consultation paper channels. This helps agencies to focus on areas of priorities and meet performance targets that meet the needs of businesses and key stakeholders. As the various industries grow and become more complicated, it is imperative that regulators collaborate with private sector specialists and professionals to draw up effective and beneficial regulations. Engaging stakeholders also helps ensure that regulation is effective in helping its intended beneficiaries and encourage deeper engagement with the business community. These all serve to support our regulatory reform agenda.
- (2) Committees and councils act as valuable and **competent institutional bodies** which direct and facilitate regulatory reforms. It is one of the key ways Singapore implements its reforms, which was why we introduced the Whole-of-Government (WOG) approach towards dealing with cross-agency issues to ensure that the concerns of all stakeholders will be taken into account as much as possible.
- (3) **Flexibility** ensures that we are not tied down to specific models of reform and allows us to adapt a reform based on local dynamics. Some regulations can be relatively blunt but useful for most generic cases but there may be circumstances where there is a need to make an exception.
- (4) **Consistency** in the form of "policy consistency", particularly consistency between at-the-border and behind-the-border measures and treatment of domestic and foreign firms, has ensured that no "regulatory arbitrage" exists (i.e., there are no loop holes in another area when one area seeks to close it). This also ensures that there is ownership of particular issues and lead agencies are systematically identified at the onset to provide leadership and coordination which helps to break down agency silos.
- (5) A **market-driven culture and public consultation** changes the orientation of civil servants by making changes become a market-driven process. This helps to address cultural attitudes within the civil service.
- (6) **Accessibility** encourages stakeholders to submit their feedback which facilitates and improve regulations. For example, any business can make a submission to the PEP online. Hence the issues that the PEP handles cover both larger and small enterprises. The government response is then documented online and is available for public review.

4. What are the impacts, both positive and negative, of the reform on the economy and the flow of trade and investment? Please provide data or statistics where available.

Several initiatives such as the Smart Regulation Committee (SRC), Pro-Enterprise Panel (PEP), and Zero-In-Process (ZIP) help the Singapore Public Service to find many ways to improve its regulations by simplifying, dropping or relaxing rules.

Since PEP's inception, it has received over 1,800 suggestions and more than half of the suggestions received have resulted in pro-enterprise changes. Through the PEP, public agencies have acquired a better understanding of business needs. Some examples of suggestions from the business community which have been nominated and awarded the Excellence in Public Suggestions Award (EPSA) are the *Qualifying Ex-offenders for SEEDS Funding* (EPSA 2006) where ex-offenders are now given a second chance and can qualify for Start-up Enterprise Development Scheme (SEEDS) funding and this change has brought our incentives in line with the "Yellow Ribbon Project" goals of inspiring community action to support rehabilitation and reintegration of ex-offenders; *Remove MES requirement for small traders to submit audited financial accounts* (EPSA 2005) where business cost has been reduced for Major Exporter Scheme (MES) applications so the need for annual audited accounts has been dispensed which lowers business costs substantially; and the *Halal certification for health product* (EPSA 2005) where manufacturers of pharmaceutical products are now able to get Halal certification in Singapore. Other instance of PEP's good work includes *Reducing multiple licenses to one-year license* for clinical diagnostics companies. Previously, clinical diagnostics companies had to apply for a permit for every consignment of diagnostic kit that is imported or exported, but with the rule change, they only need to apply for a one-year permit which saves businesses substantial time and manpower costs. Another example is *Allowing an employment agency to extend the security bonds*. Previously, an employment agency would need to produce a security bond each time it renewed its license. With the rule change, agencies are allowed to extend existing security bonds upon license renewal, leading to yearly savings of S\$70,000 (US\$52,000). In total, the cost savings of the rules reviewed thus far is estimated at more than S\$50 million.

ZIP addresses issues raised by the public that cut across multiple agencies or have no clear ownership by any government department. A lead agency would be appointed to drive the matter to its resolution. Since 2000, more than 110 cases have been identified, with 22 inter-agency teams formed to resolve the more complex cases.

The **Pro-Enterprise Ranking (PER)** ranks the government agencies on their compliance cost, transparency, review of rules, customer responsiveness and pro-enterprise orientation, and identifies key areas of improvement requiring actions across the public service. It raises the bar across the board for all regulatory agencies in a peer-pressure exercise to spur each other to make continuous improvements. The overall performance index has improved significantly from 64.7 in 2004 to 74.6 in 2008.

Based on the World Bank Study on the quantitative impact of the EoDB indicators, trade and investment flows are likely to improve in Singapore, brought about by improvements in the EoDB rankings.

5. In what ways can APEC better promote structural reform in the region? What would be some possible next steps beyond 2010 based on the achievement of the LAISR process?

The work that APEC has done thus far is a stepping stone towards the APEC's **Inclusive Growth** agenda. Consistent with the Inclusive Growth agenda, Singapore is supportive of initiatives by both the public sector and private sector to hire aged workers; and Singapore's decision to push back the retirement age to 65 in 2012 will encourage higher job participation amongst the older workers.

Initiatives under the Competition Policy, Regulatory Reforms, and Strengthening Economic Legal Infrastructure will help to promote SMEs, which is an important component of the Inclusive Growth agenda. For instance, a robust Competition Policy will encourage competition and liberalise previously monopolistic markets (such as Singapore's postal services illustration). This lowers barriers to entry and provides a legal platform for smaller companies to seek redress when larger companies behave in a manner which compromises market competition. Lastly, initiatives to improve regulatory reform will make it less onerous for SMEs, such as PEP's work on reducing multiple licenses to one-year license for clinical diagnostics companies which cuts substantial time and manpower costs for businesses. In addition, these initiatives can complement APEC's **Ease of Doing Business** agenda vis-à-vis reforms such as cutting down the number of procedures, time, and cost of starting a business and etc.