

Motion on Temasek Charter and EISC's Recommendations on Government in Business – Speaking Points for DPM's Round-up Speech, 28 Aug 2002

Parliament Sitting - 28 August 2002

MOTION

Mr Leong Horn Kee (Member for Bishan-Toa Payoh GRC)

Mr Inderjit Singh (Member for Ang Mo Kio GRC):

NEW CHARTER OF GOVERNMENT-LINKED COMPANIES: That this House, taking into account the Report of the Entrepreneurship and Internationalisation Sub-Committee (EISC) of the Economic Review Committee and the press release by Temasek Holdings (Pte) Ltd on the new charter of the Government-linked companies (GLCs) and in view of the concerns of the private sector regarding GLCs, urges the Government to implement the recommendations of the EISC which define the new roles and positioning of the Government and GLCs in business and, in so doing, support the growth of private enterprise and entrepreneurship in Singapore.

Introduction

- The story of how GLCs came about has been well told by the various MPs who have spoken. So, no need to repeat the historical background.
- The value added of Temasek companies account for some 13% of Singapore's GDP. If government had not got involved in business, many of these companies would not exist today.
- Accounting for Government's 9% share of GDP, the non-GLC private sector (local companies and MNCs) makes up 78% of the GDP.
- Our objective is to expand the overall pie. That means expanding the productive part of the economy, i.e. the sum of both the GLCs and non-GLCs, while keeping the government share as small as possible.
- Question is: do GLCs have a contribution to make in this process? Will growing the GLCs be at the expense of the non-GLCs? More important, will growing GLCs be at the expense of the overall economy? Those are the questions.

Temasek Charter

- Everyone agrees that in our earlier phase of economic development, GLCs made a contribution. But now that the GLCs have grown, what should we do with them? Should the government exit from all the businesses? If so, how?
- Hence long debate in EISC and within government on role of the government as shareholder, and what the government hopes the GLCs will achieve. The result has been the Temasek Charter.
- The Charter sets out Temasek's role - to nurture the companies with the potential to grow into successful international businesses. It defines the types of businesses Temasek will hold and those that Temasek will divest. Temasek will have no interest in companies that will only serve the domestic market, unless they are strategic, e.g. broadcasting or the electricity grid.

Do GLCs have a role?

- The GLCs are important players in the Singapore economy. There are few non-GLCs with the size, organisational strength, and technological depth of SingTel, SIA, Singapore Technologies, PSA. The closest would be the banks – UOB and OCBC, and the property companies, e.g. CDL. We can argue whether had the Government not built up these companies, more non-Government private enterprise would have grown, and the Singapore economy would have been more dynamic and entrepreneurial. But the Government decided on a strategy, and it worked.
- Now that the GLCs have been created, the Singapore Government has a responsibility to ensure they are well run, grow their businesses, and contribute to the economy. This may mean tougher competition for the non-GLCs. But so long as the competition is fair, that is good for the economy, and for Singaporeans.
- The policy question is whether the GLCs should continue to go into new businesses. Leong Horn Kee wants to curb the proliferation of GLCs. He asked that no new GLC be formed without the explicit consent of MOF.
- Leong Horn Kee's question has to be addressed at two levels. For the listed companies, the decision to enter into new businesses is for the respective board of directors to take. The board must act in the interests of all shareholders, including the minority shareholders. We cannot forbid a listed company from doing certain activities, just because the Government happens to own shares in it. It is wrong both legally, and also from a policy point of view. GLCs, especially listed-GLCs, must operate commercially. That does not mean that DBS should go into manufacturing chips, or PSA should start an airline business. The decisions must make business sense, and fit the companies' business strategy. But there is no original sin attached to being in the GLC family, which taints a GLC from birth and prevents it from doing certain types of business.
- As for investments by Temasek itself, we are in a different situation from the early days. There is now less need, and fewer opportunities, for the Government to go into a new business on its own. We are not likely to start a new airline, or another bank. But we cannot completely rule out the possibility that the Government may need to invest directly in new businesses, which are exceptionally risky or have long gestation periods, where the private sector is not willing to go. Usually if the private sector does not want to go in, we should conclude that the business fails the market test, and should not be launched at all. But occasionally the Government may need to impose our judgement, and override the verdict of the market. E.g. the Jurong Island project was such a business judgment, although in that case it was done through JTC, rather than by forming a new company. Hence the clause in Temasek's Charter, to allow Temasek, from time to time, to invest in new businesses, in order to nurture new industry clusters in Singapore.
- There will be other occasions when Temasek will need to go in. On the one hand, Leong Horn Kee wants the government to stop the formation of new GLCs. On the other, he wants GLCs to help the SMEs by co-investing in them. Indeed Temasek will do this, where it makes business sense. But if we did this, as Indranee pointed out, these SMEs would become GLCs!

Divestment of GLCs

- Divestment of GLCs is a hot issue with MPs. The government will divest those that do not have the potential for international growth or serve no strategic purpose - these are mostly the smaller ones. Michael Fam's report in 1987 recommended divesting 41 GLCs over 10 years. Leong Horn Kee said that only two thirds of these have been divested completely or partially. True, but we have also divested some 30 GLCs not listed in the Michael Fam report. Overall, some 60 Temasek companies have been completely or partially divested since the mid-80s, more than the Michael Fam report recommended.
- Temasek will continue to consolidate and rationalise its stable of companies. It will

- divest those that are no longer relevant to its mission. But this must be at the right time, at a fair price, in a way which does not unsettle the market, and which ensures that the GLCs continue to be properly managed after divestment.
- Inderjit Singh and Ho Geok Choo urged the government to consider MBOs as a method of divestment. An MBO is certainly one of the methods the government will consider, and has used to divest companies. But as Sin Boon Ann pointed out, information is not symmetrical in an MBO. Management knows more about the company than the board or the shareholders. So it is not so simple to ensure that the shareholders receive full and fair value for their shares in an MBO. But we do not entirely rule out MBOs either. Each case will be evaluated on its merits.

At Any Price?

- There is no reason for the government to sell off GLCs below their fair value, regardless of market conditions, by a specific deadline. We do not need to raise revenue through asset sales. If we sold them off in a hurry, MPs would doubtless criticise us for not safeguarding the interest of Singaporeans, and rightly so.
- It would also be unwise to publish a list of companies that will be divested within a fixed timeframe. The act itself would depress values, alarm customers, demoralise employees, and cause viable businesses to run to seed.

To Improve Performance?

- Some have argued that since GLCs are not doing well, we should divest them in order to improve their performance. We do not agree. Firstly, most GLCs are performing well. Over the long term, GLCs have amply returned the Government's initial investment. For example, DBS and SIA were transferred to Temasek in 1975. DBS was then valued at \$49m, and SIA at \$91m. Today, Temasek's share of DBS' and SIA's market capitalisation is \$2.3b and \$8.2b respectively.
- In the nature of things, not all GLCs do well all the time. Where GLCs are not doing well, the management has to sort out the problems. If necessary, the board may need to make management changes, or the shareholders including Temasek may need to make board changes. Keeping businesses in good health requires tough decisions and clear mindedness, and Temasek has to do that.
- Secondly, I agree with Ho Geok Choo that most fund managers do not take an active role in building up the companies they hold shares in. They buy the shares as portfolio investments, and sell the shares when they see the company doing badly, or even merely when the shares are underperforming. Therefore selling GLCs off to some fund manager or new shareholder will not magically solve their problems. The way to upgrade a business is to assemble an experienced board, build a strong and cohesive management team, and do the hard work of improving systems, changing management cultures, developing new capabilities. Having the Singapore Government as shareholder does not stop companies from doing this, provided the government takes a rigorous commercial approach, and entrusts the task to a capable team.

Sell off Anyway?

- Others have argued that the government should simply divest all its GLCs regardless, because as a matter of principle, the government should not own companies. We do not agree. As Raymond Lim highlighted, despite the recommendation of World Bank and IMF to privatise rapidly, the benefits of privatisation is not a given, especially if not done under the right conditions. For many of these companies, the government is the major shareholder. If we are to let the companies go, then, as Koo Tsai Kee says,

- to whom? Which private companies or individuals are in a position to take over SingTel, SIA, or PSA? Not just financially, but also in terms of management oversight? Can we really just distribute the shares to Singaporeans, and expect the companies to naturally prosper?
- Looking at the success stories around the world, great companies are built by committed, long term shareholders holding major or significant stakes. This is especially the experience in Asia. But even in the US, after Enron it is not so clear that having a diversified shareholding and no major shareholder effectively in charge is a good formula. A major shareholder has a substantial amount of his own money at stake. He will take the trouble find the right people to run the businesses, set the directions, and make sure that the business is run properly. Without a major active shareholder, it is much harder for many small shareholders to get together and do this, as Raymond Lim pointed out. Hence, the government has the responsibility to ensure good governance in GLCs.
 - In Singapore, there are few local individuals/companies with the resources and the capability to buy over and drive the performance of the large GLCs. In Hong Kong, tycoons like Li Kashing and Robert Kuok own and run major companies. Perhaps over time such people will emerge in Singapore. But remember: a Singapore in which the commanding heights of the economy are controlled by powerful, private shareholders will be quite different from one where major companies are professionally-run GLCs.

Not Frozen in Place

- Reiterate - this does not mean that the status quo is frozen, and that the Government will not divest GLCs. We will restructure the GLCs, we will sell off pieces which do not fit. We will consider mergers and acquisitions which make business and commercial sense. That is the way to make the most of a valuable asset, and to realise the full value of the GLCs that we have built up.

Crowding Out

- Inderjit Singh complains that GLCs are entering businesses which private sector are fully capable of doing.
- Assurance - no intention of doing so. e.g. the famous roast duck company again recited by Inderjit Singh - this was acquired incidentally as part of a larger acquisition in 1991, and divested in 1994 purely as a business decision! Temasek Charter is oriented towards companies which have the potential to grow internationally, or are strategic to Singapore.
- EISC have proposed a "yellow pages" rule - SBs should not set up companies to do things which can be found in the yellow pages. Agree in principle with this.
- However, applying this rule will be a matter of judgment. We must expect times when the ministry or statutory board judges the private sector not to be adequate, but the private sector disagrees. Quite understandably, the more competitive the GLC is, the more unhappy the private companies will be.
- e.g. PSB Corp runs training programmes and certification for ISO 9000 standards. Private training service providers protest at this. But the former PSB Corp, now SPRING Singapore, started the industry when there were no private providers. It created the market which the private providers then entered. Of course now that there are private providers, it is no longer necessary for SPRING Singapore to continue to do this. The function has thus been hived off to PSB Corp, which is a corporatised entity that will subsequently be privatised.
- e.g. Hdbay - CESMA International, a wholly owned subsidiary of HDB, set up Hdbay, a web portal for the renovation industry in January 2001. HDB did this to help raise

the standards of the interior design and renovation industry. HDB deals with Hdbay at arms length, but the renovation industry still questions whether HDB needed to create Hdbay at all. The renovation industry could be right, but far better to have civil servants who have the drive and enterprise to start new activities, than to have civil servants who do nothing. Now that Hdbay is up and running, HDB will consider divesting its interest in Hdbay.

- Leong Horn Kee says bliss to a businessman is a business world in Singapore without GLCs because there would be less competition and more room for the local businessman to build up his business. He is sadly mistaken. If they were not competing against GLCs, they would still be competing against powerful MNCs, or large local companies in private hands. Life would not be easier. As Halimah Yaacob pointed out, in many privately developed shopping malls Fairprice has not got in, but the developer has brought in private companies, not SMEs. And if we do succeed in reducing competition, which is what Leong Horn Kee is really asking for, this would result in a less competitive local private sector, and fewer choices for consumers. Far better to have keen competition in Singapore to help build strong SMEs which are internationally competitive.

Unfair Competition

- Related to crowding out is the issue of unfair competition. Different senses of "unfair" - unfair market practices, inside track, cheap financing, size.

Unfair Market Practices

- On unfair market practices, e.g. cartels, predatory pricing, abuse of dominance, the Government does not condone these, whether by GLCs or private companies. MTI intends to enact a competition law. All companies, including GLCs, will be subject to this competition law. Some sensitive activities will be exempted from the law, as in all regimes around the world. Enterprises which feel that they are facing unfair competition can take the matter to the independent Competition Commission.

Inside Track

- On whether GLCs should enjoy an inside track, our policy is clear - government will not tolerate this. We expect GLCs to compete on a level playing field. Ministries and statutory boards will maintain an arms-length relationship with GLCs. They must operate commercially and efficiently, and not receive special subsidies or favours. The corollary of this is that they must also not be asked to do "national service". To favour GLCs at the expense of other companies is to do harm to the economy, and encourage GLCs to be less competitive and efficient. e.g. MAS regulates and supervises DBS, but DBS does not enjoy any special privileges or forbearance - they are treated just like any other local bank.
- So, Inderjit Singh is mistaken that SMEs will similarly succeed if only the government would give them the same special treatment it extends to GLCs. Truth is that GLCs do not enjoy protectionist measures from the government.
- Problem especially with companies which have been spun off or set up by statutory boards, and which still do business with the parent. e.g. Ascendas with JTC. In such cases, the perception is harder to dispel, and we must make a special effort to be transparent and above board in dealings. e.g. any assets transferred must be properly priced, and if the company competes for business with the parent, then it should be through open bidding or tender.
- Sometimes we will need to corporatise a government department or statutory board with a moratorium, e.g. CPG Corp, or Jurong Consultants. The moratorium helps the

- corporatised entity make the transition into a private sector player and, where the corporatised entity had been the sole supplier to the government, gives ministries time to adjust. I agree that moratoriums are not desirable, and should be avoided wherever possible. But a moratorium is no worse than the company remaining a government agency. To help make the transition, sometimes it cannot be helped. A cold turkey cut over may be neither practical nor wise, for ensuring the retention of expertise and continuance of service to government in the transition.
- Since the corporatisation of PWD in April 1999, CPG Corp has been awarded only about \$250m worth of new government projects. In contrast, private sector consultants received 118 government projects worth \$1.3b during the same period. Had PWD not been corporatised, these 118 projects would have been undertaken in-house by the government.

Cheap funding

- Leong Horn Kee says the GLCs enjoy cheap funding because of their perceived links to the government. The government does not provide any guarantees to the GLCs. The banks and the markets have to make their own assessment of the credit worthiness of the companies they lend to. The bigger and stronger companies would generally enjoy better credit ratings. However, it is not automatic that GLCs will enjoy loans at lower rates. The lenders and analysts rate the companies, and their credit ratings vary from company to company and from time to time. For example, Moody's put a negative outlook on SingTel in June 2002, fairly or unfairly. I do not know why the bankers in Leong Horn Kee's project in China preferred to lend to the GLCs and not to the non-GLC, but that the bankers were favouring GLCs is not the only possible explanation.
- Inderjit Singh claims GLCs succeeded because of the huge investments government made in them and because they made use of their links to the government to get ample cheap funding. This is untrue. The GLCs were started with only seed capital. The rest was self generated over the years through the GLCs' own efforts.
- Inderjit Singh cited Singapore Technologies as an example of a company with murky beginnings. He does not know the history of ST. ST is an excellent example of how GLCs have grown, and how we have pragmatically evolved our own solutions. We are not like the US where the defence industries are largely private sector firms. We also did not have the scale, especially at the beginning. Yet we needed to build up our defence industries, for strategic reasons to support the SAF. We did not do this by throwing money at the problem, or by using our muscles instead of our brains. MINDEF set up the defence industries as companies instead of government arsenals, so that they would be subject to market discipline and would operate efficiently. The defence industries did not get a free ride. They had to tender for MINDEF projects against foreign competitors, and match their prices. Over time they built up their capabilities and scale. They made profits which they reinvested in the business. They grew using internally generated funds, not cheap government funding. They diversified into non-MINDEF business, much of it abroad. Today many of them are listed, including ST Engineering and Chartered Semiconductor. Could ST companies and managers have done this, if they had not used their brains, or had been lacking in entrepreneurship? Could the private sector really have filled this role?

Size

- In some industries, the advantage of size is unfortunately a fact of life. e.g. in banking and telecom, size is critical. Larger companies have more resources, more capacity for risk, more staying power. For Singapore companies in these industries to be competitive, they must build up the size to enjoy the economies of scale, to build up the depth of management expertise, to attract talent to grow the company. Small

companies will have a much tougher time competing against the large players. We cannot tilt the playing field in favour of small players. In fact sometimes we will need to encourage small players to merge and become bigger and stronger.

- In these industries, unhappiness with GLCs really is unhappiness at having to compete against larger, stronger players. But that is the way the industries are evolving. On an international comparison, even our big players are quite small. We cannot solve this problem by shrinking the GLCs, or divesting them.
- Of course this is not the case in every industry, and SMEs form an important part of the economy. In many businesses small companies enjoy a nimbleness and entrepreneurial drive which helps them to develop new products and markets, and exploit changing conditions much faster than large companies. e.g. Microsoft started up from scratch when IBM was already a giant, and swiftly overtook IBM. I thus agree with Wee Siew Kim that SMEs can act as "support firms" to GLCs in a cluster approach when pursuing overseas ventures. Hence Temasek and EDB have set aside some private equity funding to invest in promising local enterprise. e.g. Temasek has a small stake in Osim International, and is represented on the board.

SMEs

- Moving forward, the issue for us is not so much managing the competition between big and small companies in our domestic economy, but encouraging them to collaborate in competing internationally. That is why the government set up the Local Industry Upgrading Programme (LIUP), as well as a whole series of assistance packages for SMEs offered through MTI - e.g. Local Enterprise Financing Scheme (LEFS), and Business Upgrading through Inter-Linkages Development (BUILD).
- The EISC has recommended that the government outsource more government functions to the private sector. We agree. Ministries and statutory boards already outsource certain services to the private sector. These include IT software development and systems & facilities maintenance, the provision of medical services in prisons, the provision of legal advice in certain specialised areas such as international trade law. The intention is to outsource as many functions as possible, provided it makes economic sense to outsource and the outsourcing arrangement is sustainable. However, remember that this does not mean handing out cushy government contracts. It means fiercer competition for government business, which will make suppliers more efficient, and save taxpayers money.
- Public sector agencies are already allowed to contract start-up companies with no company track record, for IT and technology projects of up to S\$5m. In addition, existing procurement guidelines allow ministries to decide, based on their assessment of the potential market and the attendant risk, to lower the tender evaluation criteria in terms of the financial status of tenderers. Then SMEs can participate in larger government tenders. We will continue to make it easier for SMEs to participate in government contracts. But we should not give SMEs an explicit advantage over bigger firms in government business, or handicap large firms to give the SMEs business. Some countries do this, e.g. Germany and Japan, but the result is inefficiency and higher costs for taxpayers.
- SMEs must be competitive to survive and prosper, just as GLCs and MNCs must be competitive. As Olivia Lum said, they want opportunities, not handouts. There are many successful SMEs. Examples include:
- Qianhu - started in 1985 from the conversion of a pig farm into a fish farm, is now a major exporter of ornamental fish in Singapore, with customers in more than 45 countries. Turnover of \$41m and net profits of \$3.4m in 2001.
- FoodEmpire (Coffee) - Listed on the main board of the Singapore Exchange, Food Empire manufactures and market more than 90 instant beverage products, frozen finger food and confectionery under the brands of MacCoffee, Klassno, and MacCandy amongst others. They are in Russia, Eastern Europe, Central Asia, China,

- Australia, US and UK.
- Old Chang Kee - The Old Chang Kee franchise, owned by Singapore firm Ten & Han Trading, has outlets in 8 countries including Malaysia, India, South Africa and China. From 300 curry puffs sold daily in 1956, Ten & Han is now selling 18,000 per day just in Singapore alone. It is now looking to export the Singapore-made puffs to labour-expensive markets like the US and Britain.

Transparency

- Leong Horn Kee suggests that the government and Temasek publish an annual report of the GLCs for greater transparency and to foster trust of the GLCs. Not clear why he should distrust GLCs? GLCs do not operate under a cloak of secrecy. Most of the major companies held directly by Temasek are already listed, so their annual reports are readily available. ST Engineering, which holds many of our defence industries, is listed and thus subject to market demand for transparency. As for the unlisted companies held directly by Temasek such as PSA Corp, Singapore Power and MediaCorp, there are plans to eventually privatise them. In fact, PSA Corp and Singapore Power already publish their annual reports. Accounts for the smaller Statutory Board companies are also available from the RCB. There is no need for a consolidated report by government.

Statutory Board Companies

- Much of the public unhappiness has not been over the major GLCs, but the small ones, mostly the SB companies. Preventing SBs from starting companies is not practical. They may simply provide the service in-house, which is not better. Identifying out-of-bound areas is difficult as each SB's situation is different, and the circumstances themselves change with time.
- However, the government will review and cull the list of SB companies regularly. We will particularly consider the need to separate the SB companies from their stat board parent, where the parent is the regulator, while the SB companies are regulatees or are somehow related to the stat board business, thus giving perceptions that the SB companies have an unfair advantage.
- MPs will be happy to know that MOF will be issuing a set of guidelines to Ministries and SBs on the factors they should take into account when thinking of setting up SB companies. SBs should only form companies that serve a strategic role integral to the mission of the SB or that do not breach the "yellow pages" rule. Companies should also be not given names that bear relation to their parent or predecessor. And even when the SB sets up a company that meets these criteria, it should do so with an ultimate view to divestment.

Talent

- Leong Horn Kee attributes the dearth of entrepreneurs in Singapore to the monopoly of top talent by the government.
- The government does not monopolise top talent. Every year, the Government awards about 300 scholarships. This is less than one-third of the top students of each cohort. Many of these scholarships are intended for economic activities, such as those given out by EDB, A*Star, and IDA. If we exclude these, there are even fewer scholarships - less than 200.
- Of all the scholars that returned to serve their bonds, only 40% remain in service today. Amongst them, about half are young officers in their first 4 years of service. Many of them will end up leaving the service, before their bonds are up. Typically, a scholar these days leaves after 3-5 years of service.

- There is therefore no monopoly of top talent by the Government. If the Government stops giving scholarships, the impact to the private sector talent pool is not significant. In fact, it may make things worse. Without scholarships, either many of our young talented people cannot afford to study overseas, or if they pay their own way, they may decide not to return to Singapore at all. And the Government must get its fair share of able people, both in politics and in the civil service. Mr Leong Horn Kee suggested that Mr Lee Kuan Yew should have remained a lawyer, Mr Goh Chok Tong a shipping executive, and Dr Tony Tan a banker, then Singapore would have a more vibrant private sector. But had they all done this, who would then be the Government? Would we have a Singapore today? As Indranee said, private sector not stupid, and if PM, SM etc. had done this, PSA would today be called PTP.
- The key issue here is not whom we should favour in a public and private sector fight for talent, but how to ensure a healthy circulation of talent between the public and private sectors. We need to develop our young, including through scholarships, to provide the education and opportunities to fulfil their potential. We do not ban Government scholars from leaving the government service for the private sector if that is their inclination. We are making an effort to attract private sector talent to contribute to the public service. The challenge for the civil service is to adopt forward looking policies to manage and groom all its talent, so that a stint in the public service is a value-adding experience for the officers.
- Various private sector companies also offer scholarships, or sign-on bonuses at the point of graduation to attract talent. But the companies have to manage and develop them, test them out, give them opportunities, and move them up as rapidly as they deserve. Unfortunately this is far harder to do, and when it is not done the scholars leave, and the organisations stagnate. So it is not a simple matter of giving fewer scholarships.

EISC Recommendations on Government in Business

- The Temasek Charter and the government's attitude towards divesting GLCs are fully consonant with the recommendations of EISC on Government in Business. The government fully supports in principle all these recommendations.
- Mr Leong Horn Kee went beyond the EISC proposals, to make ten recommendations of his own. I have already dealt with most of them, but let me recap them briefly:
 - i. Curb proliferation of GLCs - agree that GLCs growth should be disciplined, but cannot agree never to start or grow GLCs;
 - ii. Government to set up specific timeframe for divestment - disagree;
 - iii. Government to outsource any commercial requirements - agree in principle;
 - iv. Review of subsidiaries under the SBs and government agencies - agree;
 - v. NTUC/SLF to review its stable of companies - for NTUC/SLF to decide. Halimah and Heng Chee How have already explained eloquently NTUC's views;
 - vi. Give priority to enacting competition law - agree;
 - vii. GLCs to enlist more private sector persons in boards and management – GLCs need to seek best talent, whether private or public sector;
 - viii. Encourage more MBOs and divestment to locals - MBO is one method of divestment to be considered, but whether it is the best approach depends on particular circumstances of the GLC and the specifics of the MBO proposal;
 - ix. More GLCs and private sector co-operation as cluster or consortium - agree in principle; and
 - x. Regular study by DOS on GLCs' share of GDP - agree.

Conclusion

- I thank Wang Kai Yuen for the historical perspective. These same issues were debated 20 years ago and we will probably still be debating them 20 years on. We need to try to rise above the situation. Do not assume the problem will go away if there were no GLCs. As Koo Tsai Kee and Halimah Yacob pointed out, without GLCs, the vacuum could be filled by the large private companies or MNCs, and SMEs would still have to face fierce competition.
 - The EISC recommendations on Government in Business will help to define the government's role, and foster the growth of private enterprise and entrepreneurship. Temasek's Charter will guide the Temasek companies on what the government as shareholder expects of them. As for the private sector's concerns over GLCs, the government will tackle those problems whenever they arise. The government will exit from businesses that are no longer relevant, but it cannot do this overnight.
 - The solution is not to dump the GLCs altogether, or to handicap the GLCs in order to prevent them from competing fairly but robustly against private companies. GLCs, private companies and SMEs all have roles to play in growing our economy and developing our external wing. They will sometimes compete, but they should also co-operate with each other. As Indraneel and others said, the issue is Singapore Inc. versus the rest of the world. Government's overall thrust is thus to grow the private sector as a whole, whether GLCs or non-GLCs. And as Fang Ai Lian pointed out, the issue is also entrepreneurship, because that it is the spirit of enterprise that will help us to adapt and grow as the world changes.
 - As the economy grows, and the private sector expands, the shape of government in business will change. The key is not whether companies are government owned, but whether they are well run, entrepreneurial and profitable. We have every intention of ensuring that GLCs are as well run, entrepreneurial and profitable as private companies. That is the way to build an efficient and vibrant economy.
 - In this spirit, I support the motion.
-