

Executive Summary

1. When Singapore became independent, the private sector was too weak to provide much needed jobs and to support economic growth. The Government therefore stepped in as state entrepreneur, creating Government-linked companies (GLCs) and government agencies to provide services critical to the growth of the economy such as in development banking, aviation, telecommunications, port and power.
2. Today, the challenges are different. In an innovation and knowledge-driven economy, the private sector has a bigger role to play as they are closer to rapidly changing market trends.
3. In line with this, the Entrepreneurship and Internationalisation Subcommittee (EISC) is of the view that the Government's primary role is to ensure a level playing field and provide opportunities for all enterprises to have a fair chance to succeed. We recommend that the Government:
 - Enact a competition law that prohibits cartel activities, abuse of dominance by significant market players, and reviews mergers and acquisitions, for all sectors of the economy. This will ensure that all enterprises, including GLCs, compete on an equal footing.
 - Establish and maintain GLCs for strategic purposes such as to manage critical resources, achieve public policy objectives, or develop new growth engines that the private sector is unwilling to take up;
 - Do not interfere with the operations of the GLCs and ensure that they are commercially run and not asked to do "national service";
 - Review constantly the stable of GLCs and divest non-strategic ones when it is commercially sensible to do so; and
 - Encourage a culture of partnership between GLCs, Multinational Companies (MNCs) and Small and Medium Sized Enterprises (SMEs), and adopt a cluster approach when venturing overseas; and
 - Raise the profile of the Local Industry Upgrading Programme (LIUP) and expanding it to promote internationalisation.
4. For Temasek Holdings, the EISC recommends that it:
 - Focus GLCs to scale up their core business internationally and not enter into unrelated businesses;
 - Explore international expansion through acquisition of significant foreign companies that strengthens core competencies, even if it means a dilution of Government's stake if necessary;
 - Explore various ways of divestment, including Management Buy Outs;
 - Review constantly its stable of GLCs and be prepared to rationalise, consolidate or divest them where it makes commercial sense; and

- Attract world class talent into GLCs.
5. For ministries and statutory boards, there should be greater discipline in setting up enterprises. We propose that government agencies:
- Do not set up enterprises to provide services that the private sector is able to provide - a "yellow pages" rule;
 - Do not corporatise or privatise regulatory functions as these should be kept in the statutory boards;
 - Conduct mandatory periodic housekeeping of all their enterprises to see which to divest and which to keep; and
 - Ensure that enterprises owned by statutory boards do not utilise the name of the statutory board in the domestic market, appoint management of the statutory board to the board of directors, and enjoy a government business moratorium.
6. Government agencies, through its procurement activities, could help create more opportunities for the private sector. The EISC recommends that individual agencies:
- Outsource more Government functions to the private sector; and
 - Define specifications more broadly to provide opportunities for SMEs to test bed their products and services.