



BUDGET 2019 RECOMMENDATIONS

SUMMARY REPORT

Foreword

The SBF SME Committee (SMEC) has submitted recommendations for the Singapore Budget annually since 2012, addressing the issues and challenges faced by small and medium-sized enterprises (SMEs). The SMEC is encouraged by the attention given by our Government to these issues and challenges, and the adoption of several of these recommendations.

For Budget 2019, the SMEC organised 2 roundtable dialogues with partner Trade Associations and Chambers (TACs) to gather their inputs on issues faced by their members and what they would like to be addressed in the upcoming Budget.

14 TACs participated in these dialogues:

1. Association of Small and Medium Enterprises
2. Association of Process Industry
3. Business Leaders Alumni Club
4. Franchising and Licensing Association
5. Federation of Merchants' Associations
6. Restaurant Association of Singapore
7. Singapore Contractors Association Limited
8. Singapore Food Manufacturers' Association
9. Singapore Indian Chamber of Commerce and Industry
10. Singapore Logistics Association
11. Singapore Malay Chamber of Commerce and Industry
12. Singapore Nightlife Business Association
13. Singapore Precision Engineering and Technology Association
14. Singapore Retailers Association

The SBF SMEC studied the feedback received and identified seven areas where SMEs would appreciate further support and assistance from our Government. This report provides a summary of the SMEC's recommendations for Budget 2019.

Budget 2019 Recommendations at a Glance

1. Increasing SMEs' Competitiveness for Projects

- i. Raise awareness - Our Government and its agencies can work with TACs to raise the awareness of the measures that the Government has taken to increase the opportunities in government procurement for SMEs, and the actual opportunities available, especially for projects where innovation solutions are required.
- ii. Access to Government projects - It will be beneficial for the Government and its agencies to begin implementing the new rules on government procurement to allow more SMEs to qualify for public projects. Projects should also be divided into more bite-sized components to enable more SMEs to participate in these projects and build track record/precedents for future projects.
- iii. Procurement platform for Government-linked Companies (GLCs) - A procurement platform for GLCs could be set up to enhance information efficiency of procurement opportunities to SMEs. GLCs could also create problem-statement platforms, similar to the Open Innovation Platform by the Info-comm Media Development Authority (IMDA), that connect problem owners and problem solvers, to provide opportunities for SMEs to showcase their solutions for assessment.
- iv. Industry collaboration - Raise awareness and encourage MNCs and GLCs to participate in the Partnership for Capability Transformation (PACT) and Collaborative Industry Projects (CIP) schemes that allow SMEs to collaborate and band resources as means to build their capabilities and competitiveness.
- v. Fair contract practices - The Pro-enterprise Panel (PEP) to look into cases where anti-competitive and unfair contract practices are surfaced by SMEs. GLCs to take the lead in practicing fair contract agreements.

2. Short Supply of Skilled Manpower, Insufficient Young Talent and Access to Foreign Manpower

- i. No further tightening of foreign manpower quotas and changes to the foreign worker levies in the sectors such as precision engineering to avail sufficient time for SMEs to transform.
- ii. Design grants and tax incentives to complement existing programs to encourage more SMEs to have internship programmes that enable them to develop a pipeline of talent for future manpower needs and integrate students into jobs after graduation.
- iii. Further review and enhance existing ITE's Traineeship Scheme in consultation with businesses and TACs to promote take-up of the scheme by employers and students. Some areas where the Traineeship Scheme can be further enhanced include its course content, to increase its relevance to industry, and greater emphasis on how the lessons learnt in the training labs/workshops can be applied to companies' actual business operations.
- iv. Enhance the Market Readiness Assistance (MRA) grant to include supporting SMEs in their establishment of overseas nodes. Specifically, the grant should be enhanced to include helping SMEs tap on the wider and lower costs of readily available talent in selected regional markets, with these workers based outside Singapore but supporting locally-based businesses remotely. Special considerations could also be accorded to service companies to help them build operational capabilities in regional countries.

3. Helping SMEs with Enterprise and Technology Road-Mapping

Government agencies, such as Enterprise Singapore (ESG) and the Agency for Science, Technology and Research (A*STAR), with ready support for SMEs in enterprise and technology road-mapping can work closely with TACs to support SMEs in these areas. The focus should be on driving more effective outreach programs for awareness, and promote greater adoption through lowering costs.

- i. On driving more effective outreach programs, our Government should explore the possibility of providing specialised Industry Transformation Map (ITM)-related advisory to SMEs through the respective ITM lead agencies and TACs to avail direct, relevant assistance to SMEs that require them. This may involve morphing/modifying the current SME Centres that tend to provide generic advice to specialized ITM Centres to provide deeper assistance to help workers and companies in each ITM industry to transform. These centres should also help direct SMEs to road-mapping tools and resources.

ii. On driving adoption, our Government should simplify the process/procedures for grant application and funding disbursement to SMEs to reduce the administrative effort required when seeking government funding for these services and programmes.

4. Creation of an SME Week to Consolidate Resources and Facilitate Learning

Appoint a lead government agency and/or TAC to organise a “SME Week” that will facilitate focused in-depth learning, the showcasing of solutions for enterprise adoption, and networking opportunities with both local and overseas businesses.

5. Formation of Overseas Nodes to Help Local SMEs Internationalise

Provide TACs with resources to organise the overseas Singapore business communities and relevant business groups as overseas node points that our SMEs can leverage on to facilitate easier market entry. This could involve working through appointed lead TACs to serve as the go-to party for selected focused markets.

6. Refining Government SME Grant Processing Criteria and Application Process

i. Create sub-segments within the current definition of SMEs so that more differentiated and targeted help can be provided to the micro-segments for greater effectiveness in assistance provision especially in view of the limited resources of this category of companies. This could be in the form of easier grant applications and government procurement requirements for the smaller SMEs.

ii. Our Government can develop info-maps of the government support schemes and grants to better help SMEs understand and leverage the government assistance available to transform and grow. These simplified maps or illustrations will also allow the TACs to more effectively cascade the information to their members, and help overcome SMEs' perception that it is difficult to navigate and access the various grants, schemes and programmes available.

7. Rising Business Cost

- i. Our Government to collaborate with TACs to explore the concept and proliferation of performance wage design for SMEs to close the gap between wage growth and company growth, and also to promote sustainable, profitable growth.
- ii. Following the good example set by JTC Corporation, it is recommended that the other government agencies that are landlords also recognise the principles detailed in the SBF's Fair Tenancy Framework . This will signify our Government's strong support for fair tenancy practices, and also encourage/place pressure on the private sector landlords to adopt such practices.
- iii. Introduce support measures to help SMEs mitigate the cost of retaining and training mature workers. For example, by subsidising or finding ways to lower the medical insurance cost of matured workers .
- iv. Introduction of a part-time/freelance framework for mature workers.
- v. Conduct a study on the medical needs and insurance cost for the aging workforce.
- vi. Introduce more job re-design schemes for the mature workforce.

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About the Singapore Business Federation (SBF)

As the apex business chamber, SBF champions the interests of the business community in Singapore in trade, investment and industrial relations. Nationally, SBF acts as the bridge between the Government and businesses in Singapore to create a conducive business environment. Internationally, SBF represents the business community in bilateral, regional and multilateral fora for the purpose of trade expansion and business networking.

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