



SME COMMITTEE

RECOMMENDATIONS FOR BUDGET 2021

Table of Contents

Foreword	2
1. Ensure That Companies Will Have The Necessary Resources To Support Recovery And Growth	3
2. Encourage Timely Payments To Improve Cash-Flow Of Businesses	4
3. Expand The Rebate On Foreign Workers Levies To Sectors Such As Food And Beverage, Hospitality, And Logistics	6
4. Introduce Cybersecurity Advisors To Help SMEs Safeguard Against Cybersecurity Risks	7
5. Train Local Talent To Tackle Tech Talent Crunch	8
6. Bespoke Support For Companies With Breakthrough Innovations	10
Annex	13
SBF SME Committee	13
References	17

Foreword

“Overall, we have been able to deal with COVID-19 only because the public service, the political leadership, our businesses, and the Singapore public have worked closely together, each doing their part, and more.”

– Prime Minister Lee Hsien Loong

2 September 2020¹

The Singapore Business Federation Small and Medium Enterprise Committee (SMEC) would like to thank our Government for actively engaging the business community, taking our feedback and suggestions and putting in place policies and schemes to increase the resilience of our companies. The responsiveness in handling the evolving COVID-19 situation with the four Budget announcements in 2020 was the result of collaborative exchanges between the public and private sector. These schemes were relevant, impactful and have provided much-needed relief to our businesses.

As the economy emerges from the impact of the pandemic, the SMEC concurs with Deputy Prime Minister Heng Swee Keat’s view that the support to businesses will have to evolve from resuscitating to rejuvenate².

When formulating the SMEC Budget 2021 recommendations, the members deliberated over the most critical assistance recovering businesses would need. The views of the members representing the various trade associations and business groups were taken into consideration. Six salient recommendations were identified for the Government to consider. These are focused on ensuring that companies will have access to the necessary resources, increase resilience against future crises and unveil higher value from their business.

¹ <https://www.pmo.gov.sg/Newsroom/PM-Lee-Speech-at-the-debate-on-the-motion-of-thanks-to-the-president-Sep-2020>

² https://www.singaporebudget.gov.sg/budget_2020/ministerial-statement-oct-2020/ministerial-statement-oct-2020-debate-round-up-speech

In 2017, the SMEC called for a review on the work pass requirements to attract entrepreneurial talents to Singapore to help catalyse innovation and growth in Singapore companies. The Government has responded with the introduction of the Tech.Pass scheme that supports the entry of proven founders, leaders and experts from top tech companies into Singapore. The Government's openness to listen to the views of businesses to introduce relevant schemes and fine-tuning policies to support our SMEs is much appreciated.

Apart from the annual Budget recommendations, the SMEC will continue to advocate for the entire ecosystem and work collaboratively with both public and private sector stakeholders to ensure that businesses remain nimble and have the agility to make swift and timely adjustments to market conditions.

1. Ensure That Companies Will Have The Necessary Resources To Support Recovery And Growth

Companies have yet to feel the full impact from the COVID-19 pandemic as many support schemes from the government have effectively aided business owners in managing their cost while dealing with a decline in demand. Whilst the strong support is much appreciated, the SMEC is cognizant that continuous broad-based fiscal support is unsustainable. Market forces will eventually have to take over to invigorate and reinvent the economy.

The SMEC felt that the Temporary Bridging Loan Programme (TBLP) and SME Working Capital Loan scheme are critical in helping companies with their immediate cashflow needs. More than 10,600 companies, which is close to 5 per cent of local enterprises, applied for some \$9.4 billion in loans under the two schemes between March and June 2020³, likely to ensure sufficient liquidity to tide over the circuit breaker period. Although \$9.4 billion is a large sum of money, there are still 95 per cent of enterprises that have yet to leverage these loans. These could be SMEs that

³ <https://www.straitstimes.com/business/demand-for-new-loans-moratoriums-has-stemmed-since-peak-in-q2>

are financially stable or simply still sitting on the fence and waiting for the right time to take up the risk of a loan.

The SMEC welcomes the extension of the TBLP until September 2021 as announced by the government. The SMEC recognises that the TBLP, apart from helping with immediate cash flow needs, is also a vital scheme for company owners that have assessed their business viability and are ready to take on additional risk to gear towards recovery and expansion.

The International Monetary Fund (IMF) projected a 5.2 per cent global growth in 2021. The projected 2021 rebound following the deep 2020 downturn implies a small expected increase in global GDP over 2020–21 of 0.6 percentage point relative to 2019. The IMF indicated that several factors, such as consumer confidence and industrial demands, would affect the recovery timeline⁴. Singapore's speed to recovery may be slower than the global and regional average due to our high dependence on international trade. The expected recovery will also be uneven across sectors. Therefore, the SMEC sees the need to assure companies that resources will be available when they are ready to gear towards growth.

Recommendation

The SMEC recommends extending the Temporary Bridging Loan Programme until March 2022.

2. Encourage Timely Payments To Improve Cash-Flow Of Businesses

Prompt payments accounted for just 38.39 per cent of total transactions in the third quarter of 2020 - down from 40.09 per cent in the previous quarter. This was the lowest level since the second quarter of 2012 (37.3 per cent)⁵

⁴ <https://www.imf.org/en/Publications/WEO/Issues/2020/09/30/world-economic-outlook-october-2020>

⁵ <https://www.straitstimes.com/business/economy/prompt-payments-hit-8-year-low-construction-firms-suffer-the-most>

The SBF National Business Survey 2019/2020 found that almost 50% of the late payments experienced by companies were above 30 days past due on top of the credit terms offered. This trend in late payment had caused seven in ten businesses to face moderate to severe cash flow issues.

Reliable cash flows and working capital are crucial in sustaining many of our financially strapped SMEs. Delayed payments can create ripple effects affecting the cash flow position of the SME community; when a debtor company delays payment, the creditor company may in turn also slow down its repayment to their suppliers. The Covid-19 pandemic has made it acutely important for businesses to receive timely payments while they cope with the challenges of managing costs and falling demand for many sectors.

Timely payments will also ensure the vibrancy and sustainability of our local SMEs. Companies, GLCs, MNCs and SMEs alike, often mirror the practices of the Singapore government. Therefore, the SMEC strongly believes that if the government were to lead by example and make changes to its procurement practices to ensure more prompt payments, the business community will follow suit.

Recommendation

- **The SMEC recommends reducing the payment terms between the government and its suppliers from 30 to 14 days. This will help set a new benchmark for the private sector.**
- **For smaller contracts below \$100,000, payment to the suppliers to be made within five days, with the condition that the delivery of the services or products is in a satisfactory condition.**

3. Expand The Rebate On Foreign Workers Levies To Sectors Such As Food And Beverage, Hospitality, And Logistics

The overall Q2 2020 performance of all the sectors had seen contraction as compared to Q1 2020, except for the Finance and Insurance sector. Recovery will remain uneven for different sectors. Even with the good news of vaccine development, European Central Bank head Christine Lagarde warned that the economy could face a “bumpy”, “stop-start” recovery, especially when many of the countries can still face recurring cycles of virus spread.

Sectorial performance in Q2 2020⁶

Sector	Performance Quarter-On-Quarter
Manufacturing	-0.7 per cent
Construction	-59 per cent
Wholesale & Retail Trade	-8.2 per cent
Transportation & Storage	-39 per cent
Accommodation & Food Services	-41 per cent
Finance and Insurance	+3.4 per cent
Business Services	-20 per cent

On 1 August 2020, Ministry of Manpower (MOM) announced that the government has set aside another S\$320 million to extend foreign worker levy (FWL) rebates until December 2021 for firms in the construction, marine shipyard and process sectors. The FWL rebate of \$375 per S Pass and Work Permit holder was extended for another two months, to August and September 2020. Companies within the three

⁶ https://www.mti.gov.sg/-/media/MTI/Resources/Economic-Survey-of-Singapore/2020/Economic-Survey-of-Singapore-Second-Quarter-2020/FullReport_2Q20.pdf

sectors will also continue to receive a \$90 FWL rebate monthly for each Work Permit holder from October 2020 till December 2021.

Apart from the three sectors, other businesses impacted by safe-distancing measures and predominately required blue-collar workers that worked in unfavourable conditions, are also grappling with foreign manpower challenges. A similar monthly FWL rebate accorded to these sectors will alleviate some of the manpower and cashflow challenges that these SMEs face. These sectors could include food and beverage, hospitality and logistics services.

Recommendation

The SMEC recommends extending the monthly FWL rebate to other sectors, and that this can be till 31 Dec 2021 like for construction, marine shipyard and process sectors. These other sectors could include food and beverage, hospitality and logistics services.

4. Introduce Cybersecurity Advisors To Help SMEs Safeguard Against Cybersecurity Risks

As cyber threats grow in scale and sophistication, SMEs will need to make their IT systems as secure as possible. Cybersecurity will be increasingly important to protect our economy, given that our systems are increasingly networked. Cybersecurity risk was also listed as one of the top three barriers to adopting technologies identified by businesses for the SBF National Business Survey 2019/2020⁷.

In 2017, the Government announced the SMEs Go Digital programme which includes some cybersecurity pre-approved solutions. Other related programmes include: (1)

⁷ Singapore Business Federation National Business Survey 2019/2020

GoSecure Programme⁸, which provides cybersecurity capability support to ICT companies, (2) ESG's Productivity Solutions Grant⁹ (PSG), which assists SMEs with readily adoptable solutions, and (3) ESG's Enterprise Development Grant¹⁰ (ESG), which assists SMEs with core capability and productivity enhancements.

However, the needs of SMEs in cybersecurity are increasingly complex as enterprise IT systems sit across in-house and outsourced systems, incorporating desktops and mobile platforms and having to cater to the needs of the public, customers, suppliers and employees.

To draw benefit from the relevant schemes available, SMEs across all sectors (beyond ICT) could be guided by cybersecurity advisors who can provide the necessary expertise to: (1) conduct a diagnosis to identify vulnerabilities, and (2) develop cybersecurity solutions to protect their day-to-day operations. These pre-approved cybersecurity advisors could be listed on ESG's "GoBusiness" Gov Assist Website¹¹ for SME's reference.

Recommendation:

The SMEC recommends that in order to improve SMEs' cybersecurity posture amidst digitalisation, the Cyber Security Agency of Singapore (CSA) could work with cybersecurity industry partners to introduce a list of pre-approved cybersecurity advisors for SMEs to harness their expertise for the prevention and remediation of malicious cyber activities.

5. Train Local Talent To Tackle Tech Talent Crunch

⁸ IMDA GoSecure Programme (<https://www.imda.gov.sg/programme-listing/gosecure>)

⁹ ESG Productivity Solutions Grant (<https://www.enterprisesg.gov.sg/financial-assistance/grants/for-local-companies/productivity-solutions-grant>)

¹⁰ ESG Enterprise Development Grant (<https://www.enterprisesg.gov.sg/financial-assistance/grants/for-local-companies/enterprise-development-grant/overview>)

¹¹ <https://govassist.gobusiness.gov.sg/productivity-solutions-grant/itsolution/others/>

To grow a vibrant technology ecosystem, Singapore will need more tech talent to meet the increasing industry demand. In addressing this gap, the Economic Development Board (EDB) had announced a new scheme "Tech.Pass"¹² which supports the entry of up to 500 proven founders, leaders and experts from top tech companies into Singapore. This scheme will see five hundred passes made available from January 2021, when applications open.

The Tech.Pass, which is aimed at the top tier of tech talents, will allow pass holders to move seamlessly between different activities that contribute to Singapore's tech ecosystem – from running a business, to investing, to mentoring or leading companies, or even lecturing in institutes of higher learning.

To build the next generation of tech talent in Singapore, Tech.Pass should complement the government's existing programmes such as Professional Conversion Programmes (PCP) to drive the creation of more tech professionals for areas such as artificial intelligence, data analytics, digital marketing and cybersecurity. To do so, the SMEC recommends that pass holders brought into Singapore commits time to mentor and/or train local workforce to facilitate the transfer of niche or critical skills to ensure business continuity and develop local talent.

Recommendation:

The SMEC recommends that Tech.Pass (an extension of Tech@SG) could be enhanced to include the training and upskilling of the local workforce (e.g. accelerating career conversions of PMETS from non-tech roles to tech roles) as a key requirement. This may help to close the demand gap for local tech talent by industry.

¹² <https://www.businesstimes.com.sg/government-economy/singapore-unveils-techpass-scheme-to-woo-top-global-tech-talents>

6. Bespoke Support For Companies With Breakthrough Innovations

Singapore's economic growth has been dependent on developing strong Government Linked Companies and attracting multi-national companies to anchor their operations here. Since then, Singapore has been in a mode of economic transformation, with the 2010 Report of the Economic Strategies Committee highlighting the need to grow a deeper base of globally competitive enterprise by developing 1,000 local companies with annual revenues over S\$100 million by 2020¹³. However, today there are still only a handful of local enterprises that are considered global companies. While the Economic Strategies Committee has since been revitalised by efforts of the Committee on the Future Economy, it emphasises our Government commitment to ensure that Singapore remains relevant and competitive.

Economic growth had slowed and competition with regional economies had intensified. Since 2015, Singapore's GDP growth has ranked among the lowest compared against China, India and the ASEAN-5 countries¹⁴. The development of Singapore SMEs into high performing enterprise is vital to ensure Singapore's sustained competitiveness and relevance.

Singapore has been ranked as the third most innovative country in the world¹⁵ and has proved to be efficient in developing solutions in response to the COVID-19 pandemic¹⁶. The SMEC acknowledges that the Government has provided much required support from various agencies and schemes. However, more customised solutions to help our innovative companies through till commercialisation is required. This will align our achievement of being one of the most innovative countries, with our ambition of developing more locally-owned global companies.

¹³ <https://www.straitstimes.com/politics/heng-swee-keat-to-lead-the-future-economy-committee-other-similar-efforts-in-the-past>

¹⁴ <https://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG?end=2019&locations=SG-TH-MY-ID-VN-PH-CN-IN&start=2014&view=chart>

¹⁵ <https://www.businessinsider.com/these-are-the-10-most-innovative-countries-bloomberg-says-2020-1>

¹⁶ <https://www.edb.gov.sg/en/news-and-events/insights/innovation/from-3d-printed-swabs-to-disinfection-robots-partnerships-making-these-innovations-possible.html>

To spur innovation, the National IP Protocol was launched on 26 Apr 2018, which provides a standardised approach for public agencies and publicly-funded research performers in commercialising IP. The Master Research Collaboration Agreement (MRCA) has also been revised in 2018 to facilitate research collaborations at the national level, enhance public-private sector cooperation and expedite the launch of products and services to the market. However, under the five principles of the Protocol, there is no mention of how to create and anchor value through innovative local enterprises (startups/SMEs/LLEs). The process of negotiating research collaboration agreements and IP licensing agreements can be also daunting to these local enterprises, especially if the R&D project or IP licensing cost are too high and they are expected to underwrite most of it. There is also a need for agreements to facilitate smoother and quicker collaborations.

ESG's Scale-up SG offers tailored support for selected high-growth local companies, to help them scale rapidly within a two and a half years programme. These selected companies must demonstrate a strong track record of growth as well as high potential and ambition to scale even further and faster. However, companies with breakthrough innovations may not necessarily meet the criteria to register their interest in the Scale-up SG programme. These could be second or third-generation small business owners, that have a knack for the business and looking to help pivot the company's business.

Taking reference from the Scale-up SG programme, support for SMEs with innovative solutions could be based on the assessment of their readiness to scale. These companies will then be assisted with how to define and prioritise target segments, as well as helping them build a holistic implementation plan and identifying areas to strengthen. They could be guided on areas of managing and monetising their IPs, scaling regionally and globally, building an efficient, effective and motivated workforce, and how to position themselves to capitalise on potential investments to fund their growth plans.

Recommendation:

The SMEC recommends providing companies with innovative solutions customised support based on their readiness to scale. The support could include guiding them in areas of IP management, internationalisation, company culture development and positioning themselves for investments.

Annex

SBF SME Committee

Advisors

Mr Zaqy Mohamad	Senior Minister of State	MOM
Ms Low Yen Ling	Minister of State	MTI
Mr Lawrence Leow	Chairman & CEO	Crescendas Group

Chairman

Mr Kurt Wee	Council Member President	SBF ASME
-------------	-----------------------------	-------------

Vice-Chairmen

Mr Ernie Koh	Presidential Advisor	SFIC
Ms Susan Chong	CEO	Greenpac

Members

Mr Ang Yuit	Vice President	ASME
Ms Audrey Yap	Managing Partner	Yusarn Audrey
Mr Benedict Soh	Chairman	Kingsmen Creative
Mr Chandra Mohan Rethnam	Vice-Chairman	SICCI
Mr Dennis Foo	Chairman	Dennon Entertainment
Mr Donna Lee	Advisor	FLA (Singapore)
Mr Hasan Abdul Rahman	Board Member	SMCCI
Mr Irvin Seah	Executive Director	DBS
Mr Kenneth Loo	Immediate Past President	SCAL
Mr Linus Goh	Head, Global Commercial Banking	OCBC
Mr Low Ming Wah	Chairman	SPETA
Mr Melvin Tan	Managing Director	Cyclelect Group
Mr Ng Siew Quan	Council Member	SCCCI
Mr Patrick Chang	Council Member	SMF
Dr Pauline Tay	COO	Celligenics
Mr Peter Ho	CEO	HOPE Technik
Mr Roderick Chia	Chairman	rodVENTURE

Mr Royston Tan	Head of Sales, Middle Market, Global Commercial Services	American Express
Mrs Wong Sioe Hong	Exco Member	SRA

Business Environment & Cost Competitiveness Sub-Committee

Chairman

Mr Linus Goh	Head, Global Commercial Banking	OCBC
--------------	---------------------------------	------

Vice-Chairman

Mr Chiu Wu Hong	Tax Partner	KPMG Singapore
-----------------	-------------	----------------

Members

Mr Alvin Yapp	Director of Corporate Affairs	BusAds
Mr Andrew Khng	Director	Tiong Seng Group
Mr Benjamin Tan	Treasurer	SCAL
Ms Irene Khoo	Partner	BDO LLP
Mr Jayakrishnan Gopalakrishnan	Executive Director	Enterprise Singapore
Mr Jeshar Loi	Director	Ya Kun International
Mr Kenneth Loo	Immediate Past President	SCAL
Mr Logan Wong	Founder	Pure Senses
Mr Roderick Chia	Chairman	rodVENTURE
Mr Royston Tan	Head of Sales, Middle Market, Global Commercial Services	American Express
Ms Yu Sze Min	Head of Markets	Grant Thornton Singapore

Manpower, Talent & Skills Sub-Committee

Advisor

Ms Susan Chong	CEO	Greenpac
----------------	-----	----------

Chairman

Mr Melvin Tan	Managing Director	Cyclelect Group
---------------	-------------------	-----------------

Vice-Chairman

Ms Pearl Yu	Director	Keystone Cable
-------------	----------	----------------

Members

Ms Adele Png	Head of Talent Acquisition, Asia Pacific	KONE Corporation
Mr Andrew Khng	Director	Tiong Seng Group
Mr Chan Wing Kai	Director	Seed Global Investment
Mr Danny Lien	President	SASS
Mr Dennis Foo	Chairman	Dennon Entertainment
Mr Foo Chek Wee	Head of Human Capital & Office Administration	The Straits Trading Company Limited
Mr Jason Tay	Director	Workforce Singapore
Mr Joshua Koh	Honorary Secretary	SRA
Ms Judy Tan	Assistant Director	e2i
Mr Kay Kong Swan	Council Member	SLA
Dr Kevyn Yong	Chief Learning Officer	SIM
Mr Kwa Kim Chiong	CEO	Justlogin
Mr Mayank Parekh	CEO	IHRP
Mr Ong Chew Meng	General Manager	Systematic Holdings
Ms Peggy Lim	Director	SkillsFuture Singapore
Mr Ryan Chioh	Honorary Secretary	SMF
Ms Tan Kai Xin	Director	Enterprise Singapore
Mr Wei Chan	Honorary Secretary	RAS

Technology, Innovation & Productivity Sub-Committee**Advisor**

Ms Audrey Yap	Managing Partner	Yusarn Audrey
---------------	------------------	---------------

Chairman

Dr Pauline Tay	COO	Celligenics
----------------	-----	-------------

Vice-Chairman

Mr Mark Lee	CEO	SingLun Holdings
-------------	-----	------------------

Members

Mr Andrew Tan	Managing Director	Temasek International
Mr Ang Yuit	Vice President	ASME
Ms Annie Tan	Director	TSK Foods

Mr Carlos Fernandes	Chief Executive Officer	RecordTV
Mr Casey Kesavan	Managing Director	Diamond Glass Enterprise
Mr Christopher Ng	Group CEO	Rigel Technology
Mr Fabio La Mola	Partner	L.E.K Consulting
Dr Lee Eng Wah	Deputy Executive Director	SIMTech
Ms Lim Seow Hui	Director	Enterprise Singapore
Mr Melvin Tan	Managing Director	Cyclect Group
Mr Peter Ho	CEO	HOPE Technik
Mr Roderick Chia	Chairman	rodVENTURE
Dr Tan Sian Wee	Executive Director	Finaxar
Mr Terence Kok	Director	Orion Five Engineering
Mr Wong Shih Jon	Managing Director	V3 Smart Technologies

Research Sub-Committee

Chairman

Mr Irvin Seah	Executive Director	DBS
---------------	--------------------	-----

Members

Ms Lee Lay Keng	Head, Research	Keppel Capital
Mr Michael Wan	Senior Economist	SEA Group

SMEC Secretariat

Mr Ho Meng Kit	CEO	SBF
Mr Lam Yi Young	Deputy CEO	SBF
Ms Joanne Guo	Assistant CEO	SBF
Mr Tan Chee Wee	Executive Director	SBF
Mr Jason Chan	Director	SBF
Mr Edwin Heng	Director	SBF
Mr Lin Guoliang	Deputy Director	SBF
Ms Jeanette Lee	Senior Manager	SBF
Mr Haresh Kumar	Manager	SBF
Ms Felicia Lee	Assistant Manager	SBF
Ms Sacha Ong	Assistant Manager	SBF

References

1. <https://www.pmo.gov.sg/Newsroom/PM-Lee-Speech-at-the-debate-on-the-motion-of-thanks-to-the-president-Sep-2020>
2. https://www.singaporebudget.gov.sg/budget_2020/ministerial-statement-oct-2020/ministerial-statement-oct-2020-debate-round-up-speech
3. <https://www.straitstimes.com/business/demand-for-new-loans-moratoriums-has-stemmed-since-peak-in-q2>
4. <https://www.imf.org/en/Publications/WEO/Issues/2020/09/30/world-economic-outlook-october-2020>
5. <https://www.straitstimes.com/business/economy/prompt-payments-hit-8-year-low-construction-firms-suffer-the-most>
6. https://www.mti.gov.sg/-/media/MTI/Resources/Economic-Survey-of-Singapore/2020/Economic-Survey-of-Singapore-Second-Quarter-2020/FullReport_2Q20.pdf
7. Singapore Business Federation National Business Survey 2019/2020
8. IMDA GoSecure Programme (<https://www.imda.gov.sg/programme-listing/gosecure>)
9. ESG Productivity Solutions Grant (<https://www.enterprisesg.gov.sg/financial-assistance/grants/for-local-companies/productivity-solutions-grant>)
10. ESG Enterprise Development Grant (<https://www.enterprisesg.gov.sg/financial-assistance/grants/for-local-companies/enterprise-development-grant/overview>)
11. <https://govassist.gobusiness.gov.sg/productivity-solutions-grant/itsolution/others/>
12. <https://www.businesstimes.com.sg/government-economy/singapore-unveils-techpass-scheme-to-woo-top-global-tech-talents>
13. <https://www.straitstimes.com/politics/heng-swee-keat-to-lead-the-future-economy-committee-other-similar-efforts-in-the-past>
14. <https://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG?end=2019&locations=SG-TH-MY-ID-VN-PH-CN-IN&start=2014&view=chart>
15. <https://www.businessinsider.com/these-are-the-10-most-innovative-countries-bloomberg-says-2020-1>
16. <https://www.edb.gov.sg/en/news-and-events/insights/innovation/from-3d-printed-swabs-to-disinfection-robots-partnerships-making-these-innovations-possible.html>