

# SME COMMITTEE BUDGET 2016 RECOMMENDATIONS *AT A GLANCE*



# OVERVIEW

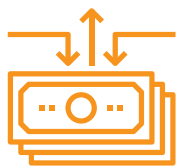
The SBF-led SME Committee (SMEC) has been submitting its recommendations for the Singapore Budget annually since 2012, raising issues and challenges faced by SMEs especially during this period of economic restructuring. SMEC appreciates the attention that the government has given to SMEs, and is encouraged by the adoption of several of its recommendations in the respective Budgets.

SMEC continually engages SMEs and trade associations and chambers (TACs) across industry sectors, and consults with relevant government agencies to give feedback particularly on how SMEs are coping with the multiple challenges they are facing on the ground.

**For Singapore Budget 2016, SMEC urges the government to place priority on the following areas to boost SME growth and development:**

## NEW PARADIGM FOR ENTERPRISE GROWTH

Adopt a new paradigm where the development of local enterprises is at the centre of economic strategies driven by a single SME authority and provide greater support for innovation by SMEs in their transition from value adding to value creation.



## OVERCOMING GROWTH CHALLENGES

Address the immediate term challenges facing SMEs in the wake of global economic uncertainties and domestic constraints through measures such as managing business costs, transportation & logistics and manpower, and support for internationalisation and financing.



# BUDGET CONSIDERATIONS



## UNCERTAIN GLOOMY GLOBAL ECONOMIC OUTLOOK FOR 2016

The world economy is expected to enter a turbulent time in 2016, triggered by falling oil and commodity prices, slowing of large emerging markets, notably China, and tepid recoveries in the developed economies. Global growth has fallen below expectations in 2015. More than half of our SMEs are negatively impacted by the current global economic climate.



## PROLONGED PERIOD OF SUSTAINED SLOW GROWTH

SME sentiments have fallen for five consecutive quarters. Overall turnover expectations, profitability, business expansion and hiring plans have declined across most sectors. The government's growth forecast of 1-3% for 2016 also means low growth for four consecutive years.



## SURVEY ON BUDGET WISH LIST

Respondents to SBF's National Business Survey have identified high labour costs, uncertain economic environment and slow growth in sales as the three key business challenges. For Budget 2016, more than half of those surveyed have asked for assistance in reducing business costs. Other areas of help needed are in training and development of PMET employees, business expansion, financing and capability building.

# OVERCOMING GROWTH CHALLENGES



## ▶ FOREIGN WORKER LEVY

- Hold back on any further planned increases in foreign worker levies
- Conduct a review to reduce the foreign worker levy quantum taking into consideration the latest inflow of foreign workers
- Remove the Foreign Worker Levy for S Pass holders as they are already subjected to minimum salary and quota restriction



## ▶ RENTAL

- Government landlords consider adoption of the Fair Tenancy Framework in their tenancy agreements
- Rental data of other government-owned business premises be made available together with those from JTC and URA



## ▶ BUILDING DEVELOPMENT CONTROL

- Review existing Development Control Guidelines to encourage developers and building owners to make optimal provisions of common spaces that would promote efficiency and effectiveness in overall building design



## ▶ TRANSPORTATION AND LOGISTICS

Examine measures for more efficient transportation and logistics infrastructure to support businesses:

- Implement subterranean goods transportation and movement system
- Introduce off-peak COE for commercial vehicles
- Build regional logistics hubs
- Create underground linkages and centralised loading/unloading bays for new commercial developments



## ▶ LEAN MANPOWER

- Extending Job Flexibility Scheme (JFS):
  - ▶ Expand JFS eligibility to other sectors, with the flexibility to allow cross deployment between companies that are under the same group of companies or management
- Foreign Worker Source Countries:
  - ▶ Update the source countries for work permit holders for the hospitality and tourism industries to include other countries e.g. Philippines and Myanmar



## ▶ FINANCING

- Introduce a Working Capital or Restructuring Loan scheme to help SMEs in their working capital needs or transformation and restructuring process
- Adopt interest rates pegged at more equitable rates compared to commercial banks for government-supported financing schemes, and enhance the risk-sharing by government so as to lower the financing cost for SMEs



## ▶ LEG-UP FOR INTERNATIONALISATION

- Overcoming Obstacles Overseas:
  - ▶ Strengthen on-the-ground support for companies overseas to assist in rules, regulations, compliance and bureaucracy through funding to set up *SingCham* business support groups in selected overseas markets
- Partnering SMEs in Overseas Ventures:
  - ▶ Encourage large local enterprises such as Temasek Portfolio Companies (TPCs) to partner SMEs for overseas projects. Incentives could be provided to induce collaboration
- Training of Foreign Staff:
  - ▶ Review conditions for minimum salary and foreign worker levy under the TEP and TWP schemes



# NEW PARADIGM FOR ENTERPRISE GROWTH



## ▶ THE MISSING PIECE

- Review enterprise development policies where SME development is at the centre of our economic strategies
- Establish a single SME authority empowered to drive SME development headed by a dedicated Minister



## ▶ DEVELOPING A VIBRANT ENVIRONMENT FOR SMEs

- Intellectual Property (IP) Evaluation & Financing
  - ▶ Study and consider the adoption of the Korean Technology Finance Corporation (KOTEC) model for valuation and loan guarantee to support SMEs
- Test-bedding for SMEs:
  - ▶ Review R&D programmes for SMEs to close the gap in understanding SMEs' needs for innovation
  - ▶ Enhance capacity and knowledge within TTOs for more effective translation of technologies into business solutions
  - ▶ Promote and make incubator and test-bedding facilities more readily accessible to SMEs
  - ▶ Consider setting up a contact point for SMEs seeking help to source for incubator and test-bedding facilities



# SMEC MEMBERS

## ▶ SME COMMITTEE

### ADVISOR

Mr Teo Ser Luck	Minister of State	Ministry of Manpower
Dr Koh Poh Koon	Minister of State	Ministry of Trade & Industry

### CHAIRMAN

Mr Lawrence Leow	Chairman & CEO	Crescendas Group
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### MEMBERS

Mr Teo Siong Seng	Chairman	SBF
Mr Kurt Wee	President	ASME
Mr Lau Tai San	Vice President	SCCCI
Mr R. Ponnampalam	Vice Chairman	SICCI
Mr Abdul Rohim Sarip	Immediate Past President	SMCCI
Mr Douglas Foo	President Council Member	SMF SNEF
Mr Linus Goh	Member	ABS
Dr Ho Nyok Yong	Honorary President / Immediate Past President	SCAL
Mr Ernie Koh	President	SFIC
Mr Roderick Chia	Member	SITF
Mr Stanley Lim	Chairman	SLA
Dr Ricky Souw	Immediate Past Chairman	SPETA
Mrs Wong Sioe Hong	Vice President	SRA
Ms Susan Chong	CEO	Greenpac (S) Pte Ltd
Ms Nanz Chong-Komo	Founder	Nanz Inc Group Pte Ltd
Mr R Dhinakaran	Managing Director	Jay Gee Melwani Group
Mdm Cynthia Phua	Consultant	
Mr Glennle Sim	Executive Chairman & CEO	Mencast Holdings Ltd
Mr Melvin Tan	Managing Director	Cyclelect Group

## ▶ SMEC SUB-COMMITTEE ON COST OF DOING BUSINESS

Mr Kurt Wee	Chairman	Sub-committee
Mrs Wong Sioe Hong	Vice-Chairman	Sub-committee
Dr Dora Hoan	Past President	ASME
Mr Benjamin Tan	Treasurer	SCAL
Mr Jeremy Fong Sue Fun	Chairman	SPETA
Mr Desmond Hill	Managing Director	Penta-Ocean Construction
Mdm Cynthia Phua	Consultant	
Mr Tay Hong Beng	Partner, Head of Tax	KPMG Singapore

## ▶ SMEC SUB-COMMITTEE ON FINANCING

Mr Linus Goh	Chairman	Sub-committee
Mr Desmond Hill	Vice-Chairman	Sub-committee
Mr Roderick Chia	Member	SITF
Ms Annabelle Tan	Council Member	SMF
Ms Susan Chong	CEO	Greenpac (S) Pte Ltd
Ms Foo Mee Har	Member of Parliament	Parliament of Singapore
Mr Steven Koh	Advisor	SPETA
Mr Nicholas Malcomson	Director	Pay2Home Direct
Ms Betty Sim	Head, Credit Risk	OCBC Bank
Mr Glennle Sim	Executive Chairman & CEO	Mencast Holdings Ltd

## ▶ SMEC SUB-COMMITTEE ON INNOVATION

Mr Melvin Tan	Chairman	Sub-committee
Mr Roderick Chia	Vice-Chairman	Sub-committee
Mr Ryan Chioh	Honorary Secretary	SMF

## ▶ SMEC SUB-COMMITTEE ON INNOVATION (CONT'D)

Dr Ricky Souw	Immediate Past Chairman	SPETA
Mr Mark Lee	President	TaFF
Ms Nanz Chong-Komo	Founder	Nanz Inc Group Pte Ltd
Dr David Chew	Executive Chairman	Stratech Systems Ltd
Mr Bill Liu	Managing Partner	Stream Global Pte Ltd
Mr Eugene Tan	Managing Director	XentiQ Pte Ltd
Mr Tan Jit Khoon	Chief Executive Officer	Winson Press Pte Ltd
Mr William Tay	Director	Capitalink Asset Management Pte Ltd
Dr Govindharaju Venkidachalam	Director	Hyflux Ltd
Ms Audrey Yap	Managing Partner	Yusarn Audrey

## ▶ SMEC SUB-COMMITTEE ON INTERNATIONALISATION

Mr Lau Tai San	Chairman	Sub-committee
Mr Abdul Rohim Sarip	Vice-Chairman	Sub-committee
Ms Donna Lee	President	FLA
Mr Douglas Foo	President	SMF
Mr Ernie Koh	President	SFIC
Mr Kelvin Chia	Senior Partner	Kelvin Chia Partnership
Dr Clive Choo	Lecturer	NTU
Mr Andrew Khng	Director	Tiong Seng Contractors (Pte) Ltd
Mr Low Cheong Kee	Managing Director	Home-Fix DIY Pte Ltd
Mr William Tay	Director	Capitalink Asset Management Pte Ltd

## ▶ SMEC SUB-COMMITTEE ON MANPOWER AND PRODUCTIVITY

Ms Susan Chong	Chairman	Sub-committee
Mr Tan Jit Khoon	Vice-Chairman	Sub-committee
Mr Ang Kiam Meng	President Advisor	RAS
Mr Jeffrey Yu	Council Member	SCAL
Mr Erman Tan	President	SHRI
Mr Kay Kong Swan	Deputy Chairman	SLA
Mr Dennis Foo	President	SNBA
Mr Gary Choy	Honorary Secretary	SPETA
Mr Low Ming Wah	Deputy Chairman	SPETA
Mr R Dhinakaran	Vice President	SRA
Mr Gurdip Singh	Chairman	Khalsa Association Board of Trustees

## ▶ RENTAL PRACTICES WORKING GROUP (RPWG)

Mdm Cynthia Phua	Chairman	RPWG
Mr Ang Yuit	Vice President	ASME
Mr Wei Chan	Asst Honorary Secretary	RAS
Mr Alan Goh	Asst Honorary Treasurer	RAS
Mr Abdul Rohim Sarip	Immediate Past President	SMCCI
Ms Frances Chang Yoke Ping	Property and Projects Director	Cold Storage Singapore (1983) Pte Ltd
Mr See Chern Yang	Associate Director	Premier Law LLC
Mr Tay Kay Poh	Executive Director	Knight Frank Pte Ltd
Ms Priscilla Yap	Manager, Real Estate	NTUC FairPrice
Mr Calvin Yeo	Deputy Managing Director	Colliers International (S) Pte Ltd

## ▶ SMEC SECRETARIAT

Mr Ho Meng Kit	Chief Executive Officer, SBF
Mr Lam Kong Hong	Director, SME Committee, SBF
Mr Lai Wei Bing	Senior Manager, SME Committee, SBF
Ms Serene Ho	Asst Manager, SME Committee, SBF

**SME COMMITTEE** The SME Committee, or SMEC, was established in December 2011 under the auspices of the Singapore Business Federation. It was set up in response to the need for a single, consolidated and strong voice representing SMEs across key industry sectors.

With growing challenges that SMEs face in the evolving local and global business environment, the SMEC aims to function as a key platform for engagement between the SME community and policymakers to discuss, research and analyse SME issues to effect business-friendly policies and initiatives that boost SME development. The SMEC also targets to adopt a forward-looking view on reacting to trends and developments that impact business sentiments and growth, by leveraging on SBF's position as the apex business chamber to facilitate its work as an issue-focused outreach and feedback channel.

The SMEC is made up of the Main Committee and five Sub-committees, namely: Cost of Doing Business, Financing, Innovation, Internationalisation, Manpower & Productivity

**SINGAPORE BUSINESS FEDERATION** The Singapore Business Federation (SBF) is the apex business chamber representing the business community's interests in Singapore and abroad in trade, investment and industrial relations.

Established on 1 April 2002 and with a membership of 22,500 companies, all Singapore-registered companies with a share capital of S\$0.5 million and above are members of SBF. The Federation also works closely with key local and foreign business chambers that contribute significantly to the Singapore economy.

In championing the interests of the Singapore business community, SBF adopts a three-pronged approach – advocating key issues impacting the Singapore business community both locally and overseas, strengthening the competitiveness and resilience of businesses through capability building initiatives, as well as facilitating networking efforts to help businesses establish contacts and tap into opportunities in Singapore and overseas.

**Singapore Business Federation**

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