

INTRODUCTION

1. As part of Singapore Business Federation's (SBF's) ongoing role as the bridge between businesses and the Government on business issues, we conducted three surveys immediately after the Singapore Budget 2016 measures were announced to obtain feedback from our business community on their views on the Budget. The three surveys were:
 - (a) An electronic survey that was conducted at our "Seminar on Budget 2016" for companies, held on 4 April, soon after the Budget Statement was delivered.
 - (b) A more detailed paper survey for companies that was conducted from 4 April to 16 May. We approached companies through our membership database, SBF corporate website and relevant SBF events from 4 April onwards. A total of 192 responses were received.
 - (c) A paper survey for the Trade Association and Chambers (TACs) that are members of SBF. This survey was conducted from 1 April, when we held our "Briefing on Budget 2016 for TACs, to 16 May. A total of 13 responses were received.

The following details the results of the three surveys.

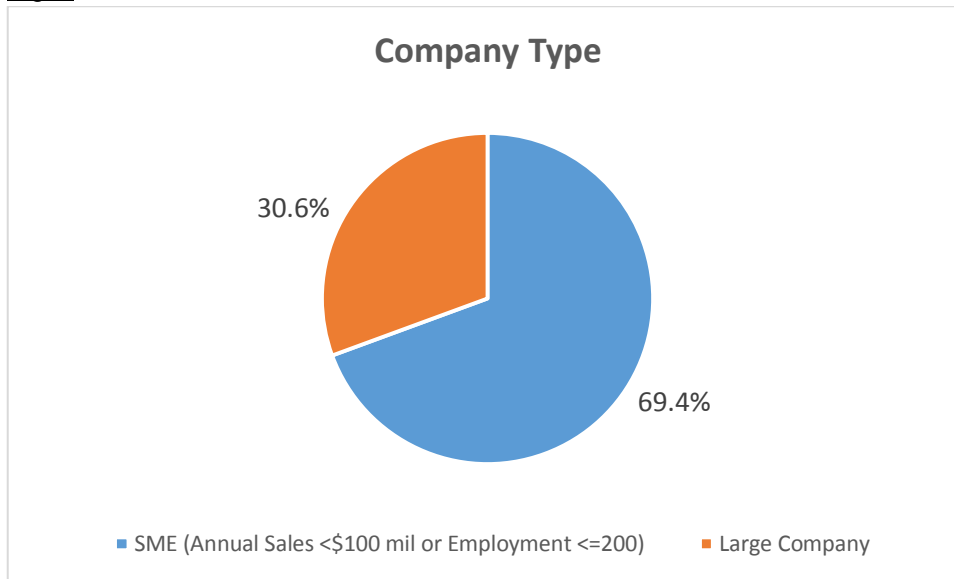
RESULTS OF THE ELECTRONIC SURVEY

[Note: The respondents were only allowed to choose one option unless otherwise stated. This survey was conducted before the Committee of Supply debates.]

Profile of the Respondents

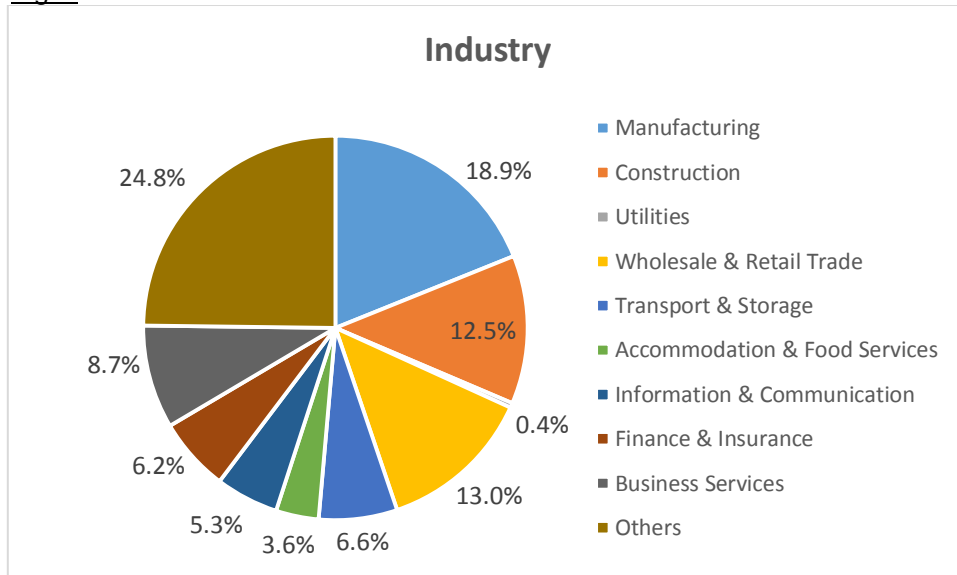
2. There were more than 800 attendees at the "Seminar on Budget 2016" where this survey was conducted. 471 participants in total took part in the survey.
3. About two-thirds of the respondents were SMEs. The rest were large companies.

Fig 1:



4. The breakdown of the respondents by industry was as follows:

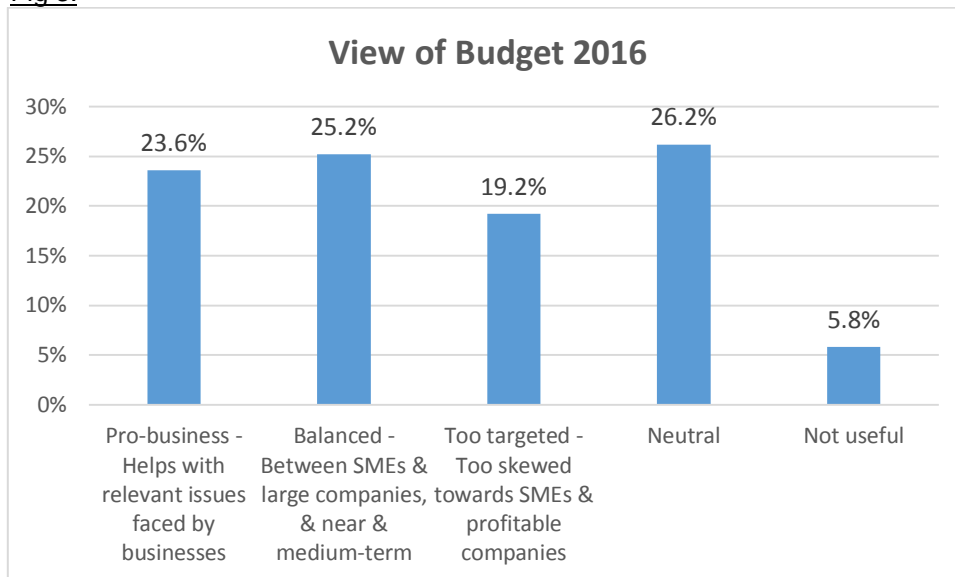
Fig 2:



Overall Sentiments

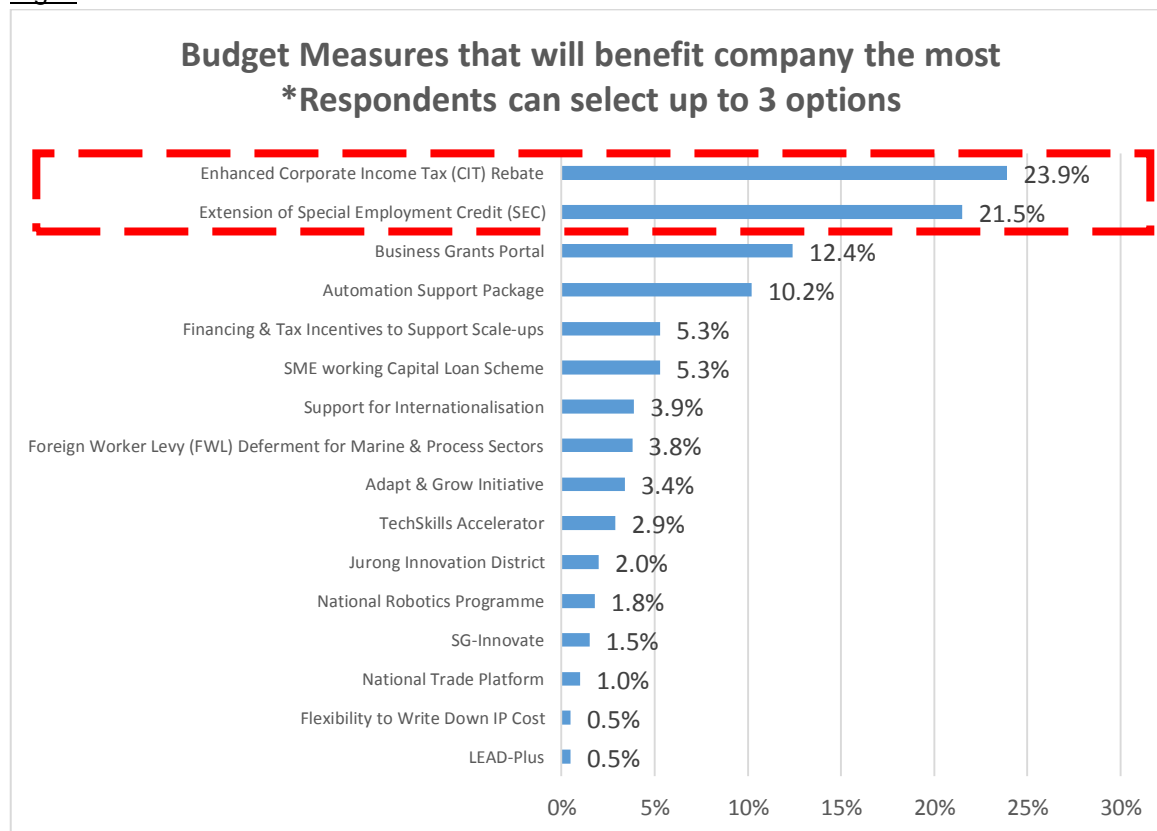
5. Based on the respondents' indications, many were neutral to the Budget 2016, or felt that the Budget was balanced or pro-business.

Fig 3:



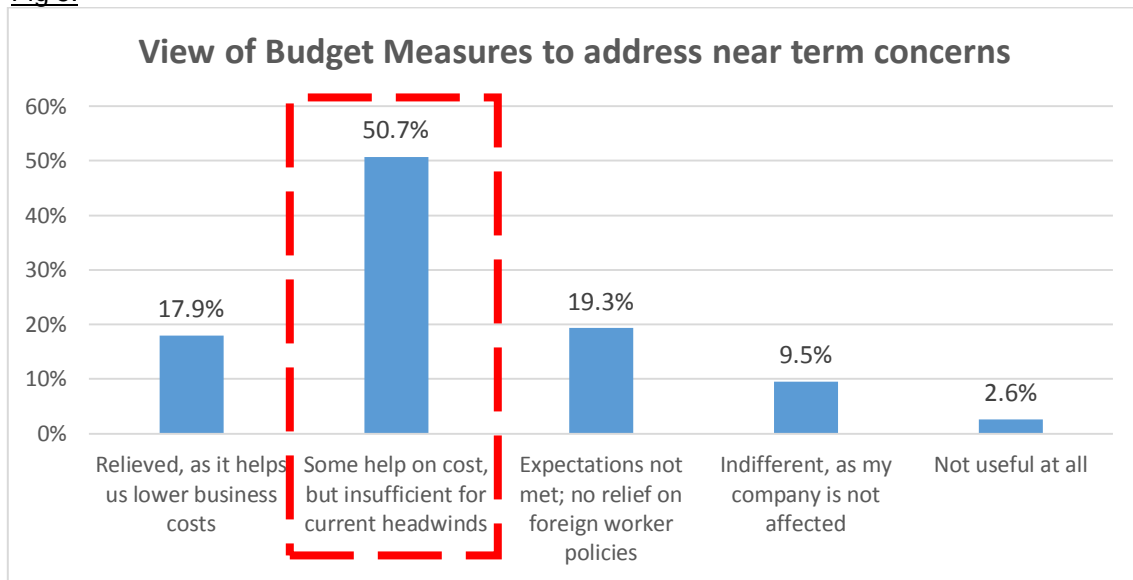
6. When asked about the Budget measures that will benefit their companies the most, the Enhanced Corporate Income Tax Rebate and Extension of Special Employment Credit emerged as the most commonly selected options.

Fig 4:



- When asked about their companies' view of the Budget measures to address near-term concerns, most found that they provided some help on cost, but were insufficient to cope with the current economic headwinds.

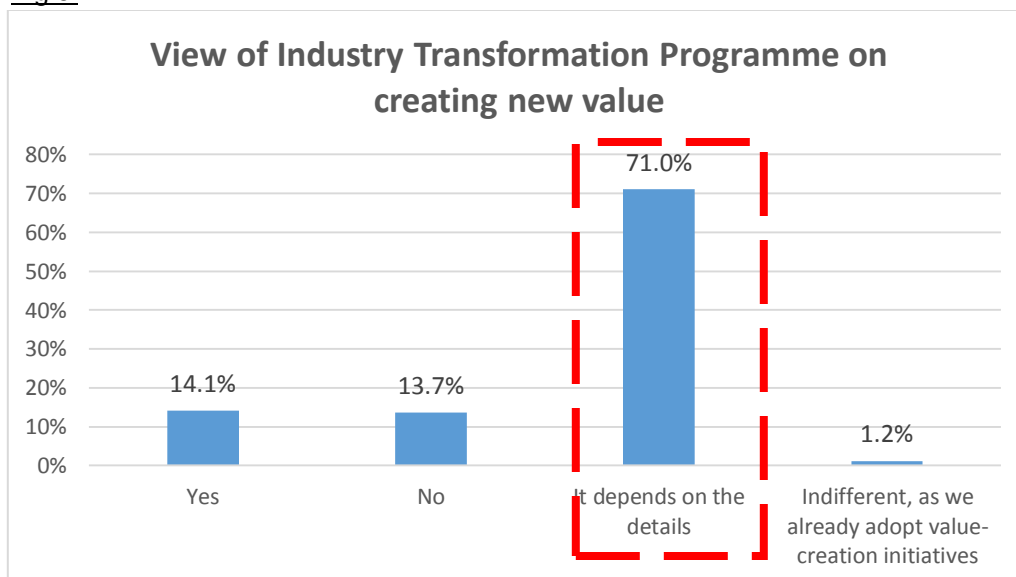
Fig 5:



Industry Transformation Programme

- On whether the Industry Transformation Programme will help their businesses create new value, a large majority of the respondents (71%) indicated that it depended on the details.

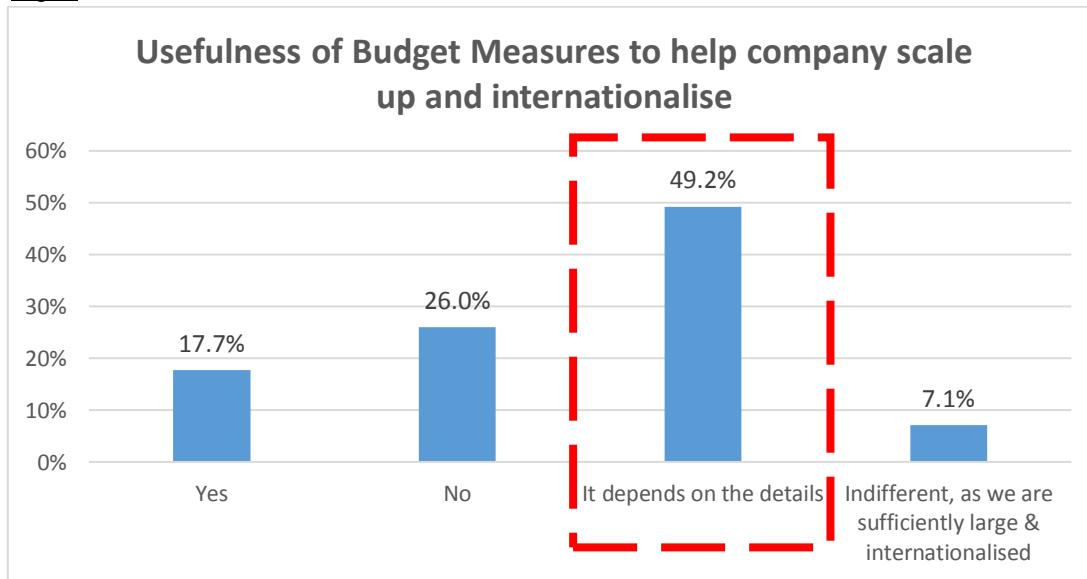
Fig 6:



Scale Up and Internationalise

9. On whether the Budget measures will be useful to help their companies scale up and internationalise, the majority of the respondents (49.2%) indicated that it depended on the details.

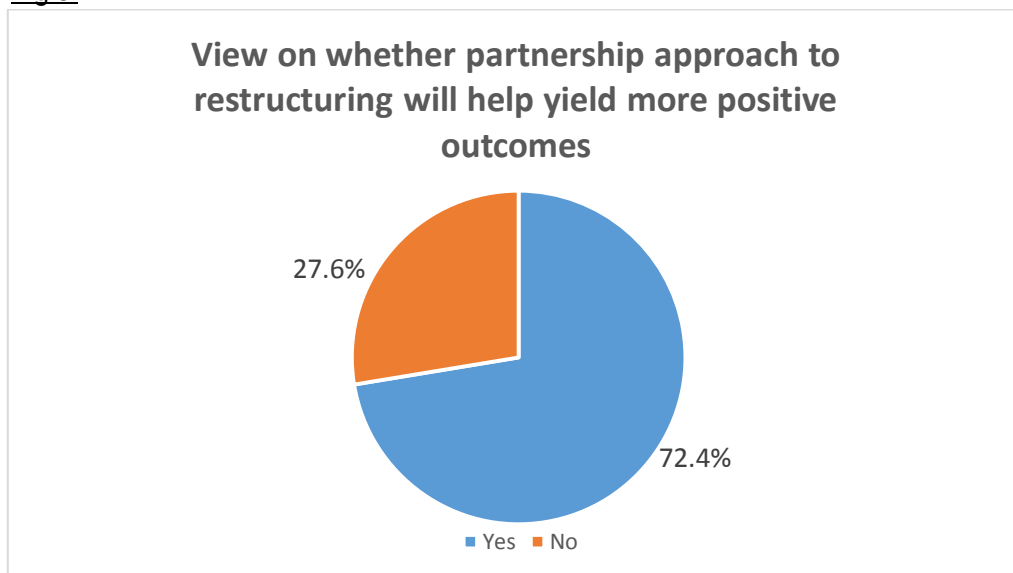
Fig 7:



Restructuring

10. Most of the respondents (72.4%) indicated that the partnership approach to restructuring, that the government has started to embark on through the Budget, will help yield more positive outcomes.

Fig 8:

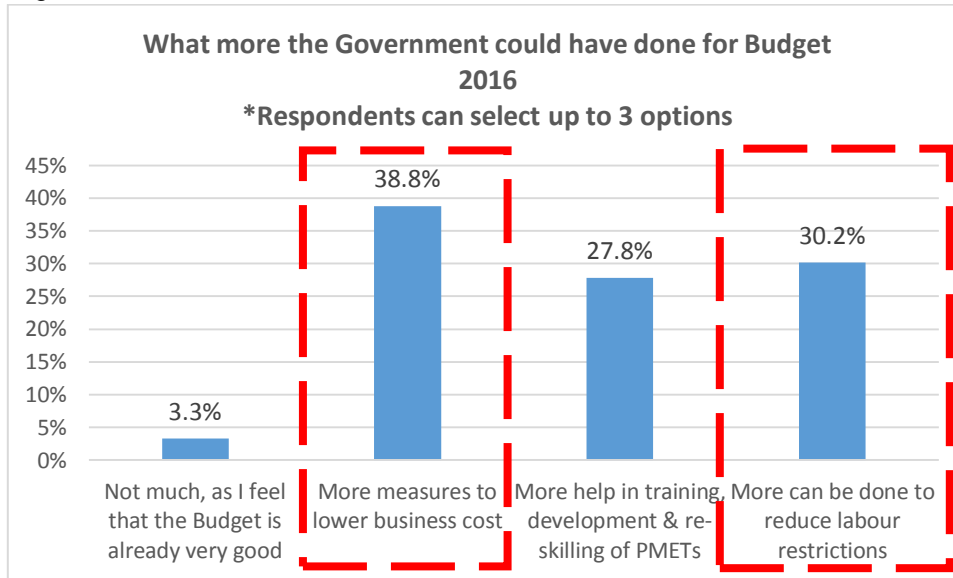


What More the Government Could Have Done for Budget 2016

11. Most had indicated that the Government could have done more for Budget 2016 in the following areas:

- (a) More measures to lower business cost.
- (b) More can be done to reduce labour restrictions.
- (c) More help in training, development and reskilling of PMETs.

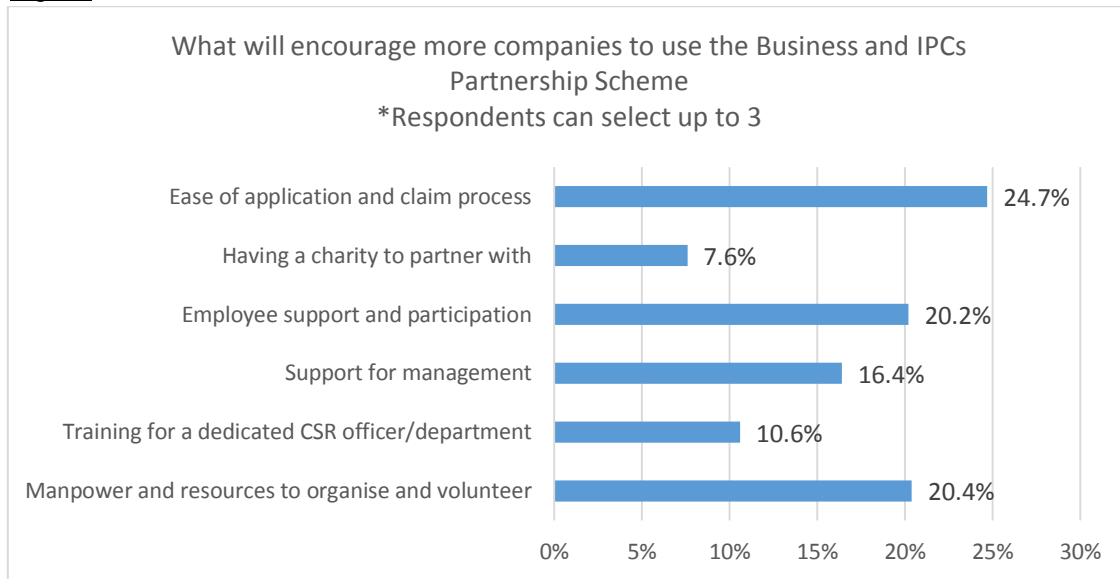
Fig 9:



Business and IPCs Partnership Scheme

12. On what will encourage more companies to use the Business and IPCs Partnership Scheme, about a quarter of the respondents (24.7%) had indicated ease of application and claim process.

Fig 10:



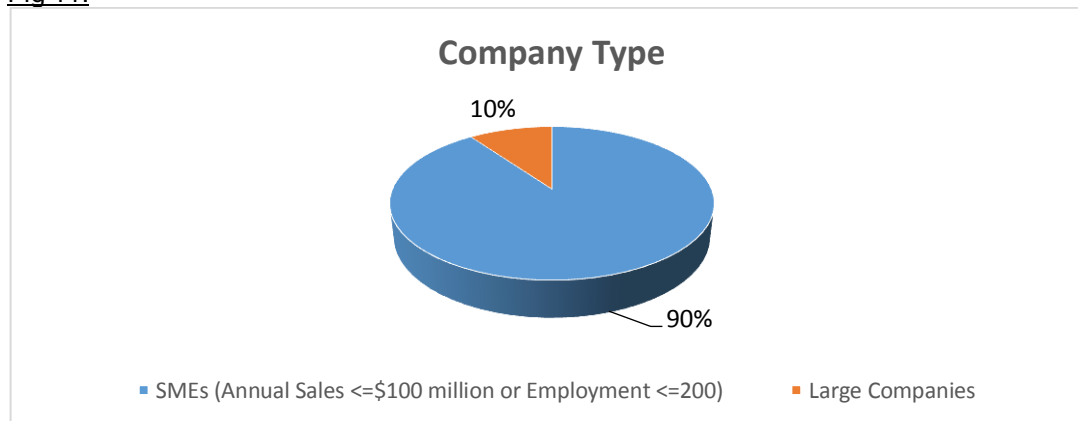
RESULTS OF THE PAPER SURVEY FOR COMPANIES

[Note: We started to administer the survey on 4 April (when we held our "Seminar on Budget 2016" for companies) and closed the survey on 16 May. A total of 192 responses were collated. Respondents can select only one option per question unless otherwise stated.]

Profile of the Respondents

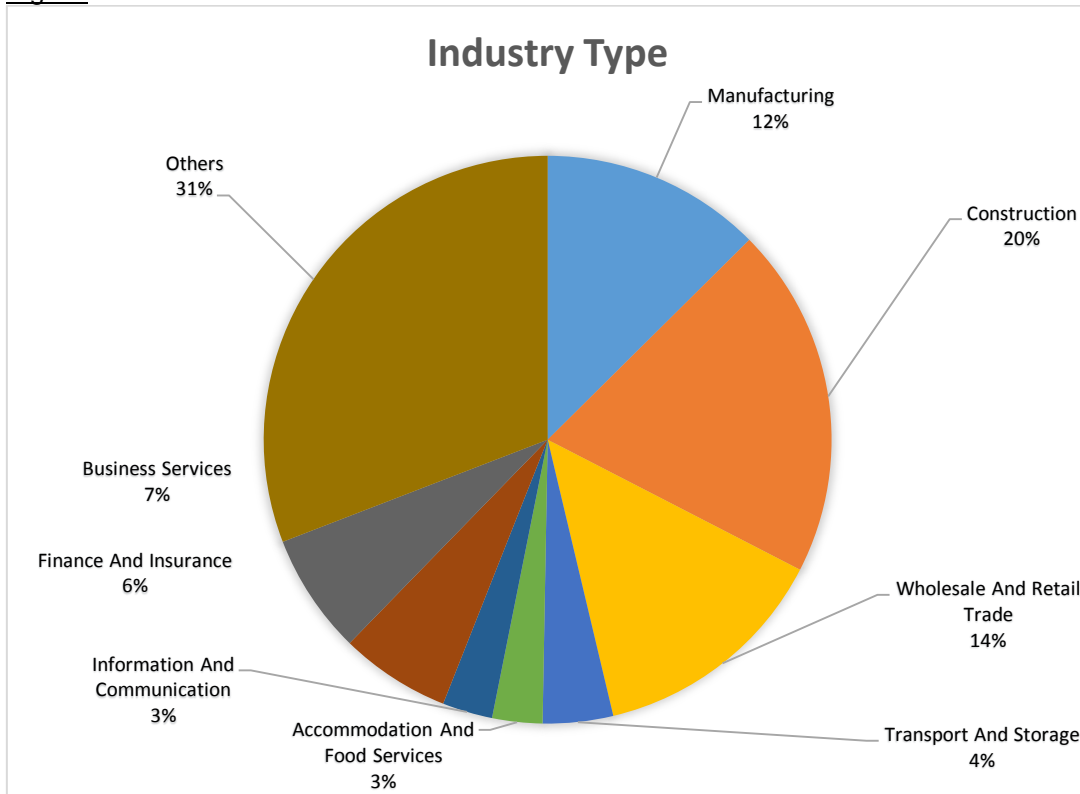
13. By company type, 90% of the respondents were SMEs. The rest were large companies.

Fig 11:



14. The breakdown by industry was as follows:

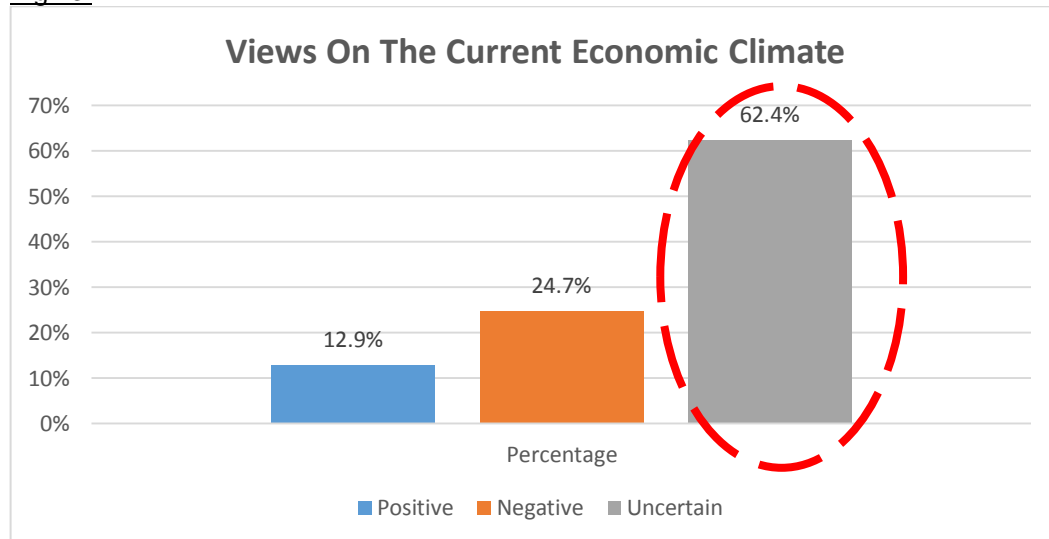
Fig 12:



Business Outlook

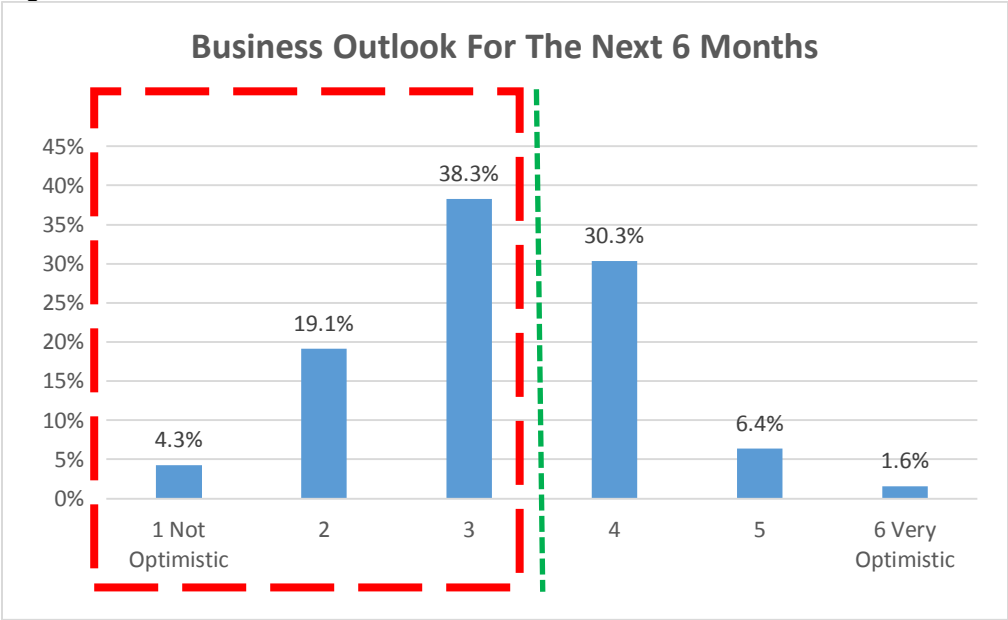
15. Majority of the companies (62.4%) viewed the current economic climate as uncertain. 12.9% had positive sentiments, while 24.7% were negative in their outlook.

Fig 13:



16. In terms of their business outlook for the next 6 months, there was a tendency for companies to take a slightly pessimistic outlook.

Fig. 14:



Views on Budget 2016 Measures

Measures to Address Near-term Concerns

17. In general, many companies indicated that the measures to address near term concerns were likely to be useful, in particular, the Enhanced Corporate Income Tax Rebate (72.3%) and the Extension of the Special Employment Credit (78.5%). However, the reactions on the SME Working Capital Loan scheme was mixed - the percentage of companies that found the scheme to be likely useful, likely not useful and not applicable was 33.0%, 26.6% and 29.3% respectively.

18. On a related note, 64.2% of the companies felt that the Enhancement to Revitalisation of Shops Scheme and Foreign Worker Levy deferment for Work Permit holders in the Marine & Process sectors were not applicable. This is likely due to the targeted nature of these two schemes.

Other Budget Measures

19. The other new or enhanced Budget measures where a large proportion of companies indicated they were likely to find useful include (i.e. instances where at least 40% of the companies indicated that the measures are likely to be useful, listed in order of highest to lowest percentage):

- (a) Enhance employment support through the “Adapt & Grow” initiative to help people adapt to changing job demands and grow their skills (61.2%);

- (b) Business Grants Portal which will organise grants along core business needs of capability building, training and international expansion (60.5%);
 - (c) Set up TechSkills Accelerator, a new skills development and job placement hub for the ICT sector, to enable our people to learn new ICT skills quickly (53.9%);
 - (d) Extend the Double Tax Deduction for Internationalisation scheme, till 31 March 2020 (44.5%);
 - (e) Grant support for the roll-out or scaling up of automation projects at up to 50% of qualifying cost, with a maximum grant of \$1 million (44.3%);
 - (f) Investment Allowance of 100% for automation equipment, in addition to the existing capital allowance (43.9%); and
 - (g) Businesses participating in Community Chest's SHARE programme can claim 50% of the matching grant attributed to the increase in donations (above FY2015), up to a cap of \$10,000 a year, for approved CSR initiatives (42.5%).
20. Surprisingly, a notable proportion of companies felt that the Industry Transformation Programme, "Transforming Industries" and "Transformation through Innovation" measures were not applicable to their companies. This is likely to be due to the targeted nature of these measures. The Government may also need to share more details on these measures, so that companies are more aware of the benefits of these schemes.
21. Many companies have indicated that LEAD-Plus is not applicable to their companies as this is a scheme intended for TACs.

Fig. 15:

Measure	Likely Useful	Likely NOT Useful	More details needed	Not Applicable to my company
Addressing Near-term Concerns				
Enhancing Corporate Income Tax Rebate from 30% to 50% (capped at \$20,000) for YA 2016 & 2017	72.3%	16.5%	6.4%	4.8%
Extending Special Employment Credit till end 2019	78.5%	9.9%	7.3%	4.2%
SME Working Capital Loan scheme for loans up to \$300,000 per SME, with Government co-sharing 50% of default risk with participating financial institutions	33.0%	26.6%	11.2%	29.3%
Enhancement to Revitalisation of Shops Scheme to better support promotional activities & upgrading projects in HDB town centres & neighbourhood centres	12.3%	15.5%	8.0%	64.2%
Foreign Worker Levy deferment for Work Permit holders in the Marine & Process sectors for a year	20.3%	11.2%	4.3%	64.2%
Industry Transformation Programme – Transforming Enterprises				
Business Grants Portal which will organise grants along core business needs of capability building, training & international expansion	60.5%	8.6%	22.7%	8.1%

Measure	Likely Useful	Likely NOT Useful	More details needed	Not Applicable to my company
Automation Support Package to support companies to automate, drive productivity & scale up				
Grant support for the roll-out or scaling up of automation projects at up to 50% of qualifying cost, with a maximum grant of \$1 million	44.3%	11.9%	24.3%	19.5%
Investment Allowance of 100% for automation equipment, in addition to the existing capital allowance	43.9%	12.8%	23.5%	19.8%
Improve access to equipment loans under SPRING's Local Enterprise Finance Scheme (LEFS) by enhancing Government's risk-share with participating Financial Institutions from 50% to 70%	28.6%	20.1%	19.0%	32.3%
IE Singapore & SPRING will partner businesses where appropriate to access overseas markets	37.3%	13.5%	27.6%	21.6%
Financing & Tax Incentives to Support Scale-Ups				
Expand the SME Mezzanine Growth Fund from the current fund size of \$100 million to \$150 million, by providing additional funding of up to \$25 million to match new private sector investment on a 1:1 basis	24.9%	20.0%	23.8%	31.4%
Grant M&A allowance on up to \$40 million of consideration paid for qualifying deals, instead of the current cap of \$20 million to support more M&As	29.2%	18.9%	19.5%	32.4%
Extend the upfront certainty of non-taxation of companies' gains on disposal of equity investments based on existing scheme parameters, until 31 May 2022	26.5%	18.8%	22.7%	32.0%
Support for Internationalisation				
Support more firms in their internationalisation efforts through assistance such as Global Company Partnership & Market Readiness Assistance programmes	39.1%	12.5%	19.6%	28.8%
Extend the Double Tax Deduction for Internationalisation scheme, till 31 March 2020	44.5%	13.7%	15.9%	25.8%
Industry Transformation Programme – Transforming Industries				
National Trade Platform to support firms, particularly those in the logistics & trade finance sectors	18.6%	14.9%	14.4%	52.1%
Making available over \$450 million over the next 3 years under the National Robotics Programme to support robotics development and deployment	13.4%	19.3%	18.7%	48.7%
A new Local Enterprise and Association Development-Plus (LEAD-Plus) programme to help TACs strengthen their outreach	15.3%	16.4%	25.1%	43.2%
Industry Transformation Programme – Transforming through Innovation				
Deepening Innovation Capabilities				
Up to \$4 billion under the RIE 2020 plan will be directed to industry-research collaboration, to deepen industry capabilities in innovation & R&D	23.8%	14.4%	25.4%	36.5%

Measure	Likely Useful	Likely NOT Useful	More details needed	Not Applicable to my company
A top-up of \$1.5 billion to the NRF in 2016 to support RIE 2020 initiatives	20.2%	14.6%	28.7%	36.5%
Flexibility to write down the cost of acquiring IP over different periods of 5, 10, or 15 years, instead of the current 5 years only	20.6%	17.2%	19.4%	42.8%
SG-Innovate				
A new entity "SG-Innovate" to match budding entrepreneurs with mentors, introduce them to venture capital firms, help them to access talent in research institutes & open up new markets	27.1%	16.6%	18.2%	38.1%
Jurong Innovation District				
Launch the Jurong Innovation District, which will bring together learning, innovation, research, & production to create products & services of the future	27.5%	13.5%	21.9%	37.1%
Supporting Our People through Change				
Enhance employment support through the "Adapt & Grow" initiative to help people adapt to changing job demands & grow their skills	61.2%	6.6%	23.5%	8.7%
Set up TechSkills Accelerator, a new skills development & job placement hub for the ICT sector, to enable our people to learn new ICT skills quickly.	53.9%	7.2%	21.1%	17.8%
Boost to Corporate Social Responsibility				
Business and Institute of a Public Character (IPC) Partnership Scheme to encourage employee volunteerism through businesses.	39.4%	17.2%	26.1%	17.2%
Businesses participating in Community Chest's SHARE programme can claim 50% of the matching grant attributed to the increase in donations (above FY2015), up to a cap of \$10,000 a year, for approved CSR initiatives.	42.5%	16.6%	23.2%	17.7%

[Legend:

■: % of responses > 25%.]

Further Analysis by Industry

22. A large majority of the respondents (64.2%) indicated that the Enhancement to Revitalisation of Shops Scheme is not applicable to their companies. When comparing among industries, the bulk of the respondents with this view are from the "Construction" and "Others" sectors. More than 90% of the respondents from the "Finance and Insurance" sector have indicated that this measure is not applicable. This is a targeted scheme that is likely to benefit respondents from the retail sector.

Fig. 16a:

Enhancement to Revitalisation of Shops Scheme to better support promotional activities & upgrading projects in HDB town centres & neighbourhood centres	Likely Useful	Likely NOT Useful	More details needed	Not Applicable to my company	Grand Total
Accommodation and Food Services	0.0%	0.0%	0.5%	2.1%	2.7%

Business Services	0.5%	1.1%	0.5%	4.3%	6.4%
Construction	3.2%	3.2%	1.1%	11.2%	18.7%
Finance and Insurance	0.0%	0.5%	0.0%	5.3%	5.9%
Information and Communication	0.0%	1.1%	0.5%	1.1%	2.7%
Manufacturing	0.0%	3.7%	1.6%	6.4%	11.8%
Others	3.2%	2.7%	1.1%	21.4%	28.3%
Transport and Storage	1.1%	1.1%	0.0%	1.1%	3.2%
Wholesale and Retail Trade	3.2%	0.5%	1.1%	6.4%	11.2%
(blank)	1.1%	1.6%	1.6%	4.8%	9.1%
Grand Total	12.3%	15.5%	8.0%	64.2%	100.0%

Fig. 16b:

Enhancement to Revitalisation of Shops Scheme to better support promotional activities & upgrading projects in HDB town centres & neighbourhood centres	Likely Useful	Likely NOT Useful	More details needed	Not Applicable to my company	Grand Total
Accommodation and Food Services	0.0%	0.0%	20.0%	80.0%	100.0%
Business Services	8.3%	16.7%	8.3%	66.7%	100.0%
Construction	17.1%	17.1%	5.7%	60.0%	100.0%
Finance and Insurance	0.0%	9.1%	0.0%	90.9%	100.0%
Information and Communication	0.0%	40.0%	20.0%	40.0%	100.0%
Manufacturing	0.0%	31.8%	13.6%	54.5%	100.0%
Others	11.3%	9.4%	3.8%	75.5%	100.0%
Transport and Storage	33.3%	33.3%	0.0%	33.3%	100.0%
Wholesale and Retail Trade	28.6%	4.8%	9.5%	57.1%	100.0%
(blank)	11.8%	17.6%	17.6%	52.9%	100.0%
Grand Total	12.3%	15.5%	8.0%	64.2%	100.0%

23. A large majority of the respondents (64.2%) indicated that the Foreign Worker Levy deferment for Work Permit holders in the Marine and Process sectors for a year is not applicable to their companies. When comparing among industries, the bulk of the respondents with this view are from the “Construction” and “Others” sectors. More than 65% of the respondents from the “Finance and Insurance”, “Construction”, “Manufacturing”, as well as “Wholesale and Retail Trade” sectors have each indicated that this measure is not applicable. This measure is targeted at the Process Industry which falls under “Others”.

Fig. 17a:

Foreign Worker Levy deferment for Work Permit holders in the Marine & Process sectors for a year	Likely Useful	Likely NOT Useful	More details needed	Not Applicable to my company	Grand Total
Accommodation and Food Services	0.0%	1.1%	0.5%	1.1%	2.7%
Business Services	1.6%	1.1%	0.0%	3.7%	6.4%
Construction	3.2%	2.7%	0.0%	12.8%	18.7%
Finance and Insurance	0.0%	1.1%	0.0%	4.8%	5.9%
Information and Communication	0.5%	0.5%	0.0%	1.6%	2.7%

Manufacturing	2.7%	0.5%	0.5%	8.0%	11.8%
Others	6.4%	3.2%	1.1%	17.1%	27.8%
Transport and Storage	1.6%	0.0%	0.0%	2.1%	3.7%
Wholesale and Retail Trade	2.7%	0.0%	1.1%	8.0%	11.8%
(blank)	1.6%	1.1%	1.1%	4.8%	8.6%
Grand Total	20.3%	11.2%	4.3%	64.2%	100.0%

Fig. 17b:

Foreign Worker Levy deferment for Work Permit holders in the Marine & Process sectors for a year	Likely Useful	Likely NOT Useful	More details needed	Not Applicable to my company	Grand Total
Accommodation and Food Services	0.0%	40.0%	20.0%	40.0%	100.0%
Business Services	25.0%	16.7%	0.0%	58.3%	100.0%
Construction	17.1%	14.3%	0.0%	68.6%	100.0%
Finance and Insurance	0.0%	18.2%	0.0%	81.8%	100.0%
Information and Communication	20.0%	20.0%	0.0%	60.0%	100.0%
Manufacturing	22.7%	4.5%	4.5%	68.2%	100.0%
Others	23.1%	11.5%	3.8%	61.5%	100.0%
Transport and Storage	42.9%	0.0%	0.0%	57.1%	100.0%
Wholesale and Retail Trade	22.7%	0.0%	9.1%	68.2%	100.0%
(blank)	18.8%	12.5%	12.5%	56.3%	100.0%
Grand Total	20.3%	11.2%	4.3%	64.2%	100.0%

24. A large majority of the respondents (52.1%) indicated that the National Trade Platform is not applicable to their companies. When comparing among industries, the bulk of the respondents with this view are from the “Construction” and “Others” sectors of the economy. More than 60% of the respondents from the “Construction” as well as “Finance and Insurance” sectors have each indicated that this measure is not applicable. It is notable that 57.1% of the respondents from the “Transport and Storage” sector have indicated that this measure is likely to be useful.

Fig. 18a:

National Trade Platform to support firms, particularly those in the logistics & trade finance sectors	Likely Useful	Likely NOT Useful	More details needed	Not Applicable to my company	Grand Total
Accommodation and Food Services	0.5%	0.0%	1.1%	1.1%	2.7%
Business Services	3.2%	0.5%	0.0%	2.7%	6.4%
Construction	1.6%	3.2%	2.1%	11.7%	18.6%
Finance and Insurance	0.0%	1.1%	0.5%	4.3%	5.9%
Information and Communication	0.5%	1.1%	0.5%	0.5%	2.7%
Manufacturing	1.6%	2.1%	2.1%	5.9%	11.7%
Others	5.3%	4.3%	2.1%	15.4%	27.1%
Transport and Storage	2.1%	0.5%	0.5%	0.5%	3.7%

Wholesale and Retail Trade	2.1%	1.6%	2.7%	5.9%	12.2%
(blank)	1.6%	0.5%	2.7%	4.3%	9.0%
Grand Total	18.6%	14.9%	14.4%	52.1%	100.0%

Fig. 18b:

National Trade Platform to support firms, particularly those in the logistics & trade finance sectors	Likely Useful	Likely NOT Useful	More details needed	Not Applicable to my company	Grand Total
Accommodation and Food Services	20.0%	0.0%	40.0%	40.0%	100.0%
Business Services	50.0%	8.3%	0.0%	41.7%	100.0%
Construction	8.6%	17.1%	11.4%	62.9%	100.0%
Finance and Insurance	0.0%	18.2%	9.1%	72.7%	100.0%
Information and Communication	20.0%	40.0%	20.0%	20.0%	100.0%
Manufacturing	13.6%	18.2%	18.2%	50.0%	100.0%
Others	19.6%	15.7%	7.8%	56.9%	100.0%
Transport and Storage	57.1%	14.3%	14.3%	14.3%	100.0%
Wholesale and Retail Trade	17.4%	13.0%	21.7%	47.8%	100.0%
(blank)	17.6%	5.9%	29.4%	47.1%	100.0%
Grand Total	18.6%	14.9%	14.4%	52.1%	100.0%

25. A large majority of the respondents (48.7%) indicated that the National Robotics Programme to support robotics development and deployment is not applicable to their companies. When comparing among industries, the bulk of the respondents with this view are from the “Construction”, “Wholesale and Retail Trade” and “Others” sectors. More than 60% of the respondents from the “Finance and Insurance” and “Others” sectors have each indicated that this measure is not applicable. It is notable that 41.7% of the respondents from the “Business Services” sector have indicated that this measure is likely to be useful.

Fig. 19a:

Making available over \$450 million over the next 3 years under the National Robotics Programme to support robotics development and deployment	Likely Useful	Likely NOT Useful	More details needed	Not Applicable to my company	Grand Total
Accommodation and Food Services	0.5%	0.0%	1.6%	0.5%	2.7%
Business Services	2.7%	1.1%	0.0%	2.7%	6.4%
Construction	2.7%	4.3%	3.2%	8.0%	18.2%
Finance and Insurance	0.0%	1.1%	0.5%	4.3%	5.9%
Information and Communication	0.0%	1.1%	0.5%	1.1%	2.7%
Manufacturing	2.7%	3.2%	2.1%	3.7%	11.8%
Others	2.1%	4.8%	3.7%	16.6%	27.3%
Transport and Storage	0.5%	1.1%	1.1%	1.1%	3.7%
Wholesale and Retail Trade	1.1%	2.1%	2.1%	7.0%	12.3%
(blank)	1.1%	0.5%	3.7%	3.7%	9.1%
Grand Total	13.4%	19.3%	18.7%	48.7%	100.0%

Fig 19b:

Making available over \$450 million over the next 3 years under the National Robotics Programme to support robotics development and deployment	Likely Useful	Likely NOT Useful	More details needed	Not Applicable to my company	Grand Total
Accommodation and Food Services	20.0%	0.0%	60.0%	20.0%	100.0%
Business Services	41.7%	16.7%	0.0%	41.7%	100.0%
Construction	14.7%	23.5%	17.6%	44.1%	100.0%
Finance and Insurance	0.0%	18.2%	9.1%	72.7%	100.0%
Information and Communication	0.0%	40.0%	20.0%	40.0%	100.0%
Manufacturing	22.7%	27.3%	18.2%	31.8%	100.0%
Others	7.8%	17.6%	13.7%	60.8%	100.0%
Transport and Storage	14.3%	28.6%	28.6%	28.6%	100.0%
Wholesale and Retail Trade	8.7%	17.4%	17.4%	56.5%	100.0%
(blank)	11.8%	5.9%	41.2%	41.2%	100.0%
Grand Total	13.4%	19.3%	18.7%	48.7%	100.0%

26. A large majority of the respondents (42.8%) indicated that the flexibility to write down the cost of acquiring IP over different periods of 5, 10 or 15 years, instead of the current 5 years only is not applicable to their companies. When comparing among industries, the bulk of the respondents with this view are from the “Construction” and “Others” sectors. 80.0% of the respondents from the “Accommodation and Food Services” sector have indicated that this measure is not applicable. It is notable that 80.0% of the respondents from the “Information and Communication” sector have indicated that this measure is likely to be useful.

Fig. 20a:

Flexibility to write down the cost of acquiring IP over different periods of 5, 10, or 15 years, instead of the current 5 years only	Likely Useful	Likely NOT Useful	More details needed	Not Applicable to my company	Grand Total
Accommodation and Food Services	0.0%	0.0%	0.6%	2.2%	2.8%
Business Services	1.1%	3.3%	0.6%	1.7%	6.7%
Construction	3.3%	3.3%	2.8%	7.8%	17.2%
Finance and Insurance	1.7%	0.6%	0.6%	3.3%	6.1%
Information and Communication	2.2%	0.0%	0.0%	0.6%	2.8%
Manufacturing	2.8%	1.7%	2.8%	5.0%	12.2%
Others	3.3%	5.0%	5.0%	15.0%	28.3%
Transport and Storage	0.6%	0.6%	1.7%	0.6%	3.3%
Wholesale and Retail Trade	2.8%	1.7%	1.7%	5.6%	11.7%
(blank)	2.8%	1.1%	3.9%	1.1%	8.9%
Grand Total	20.6%	17.2%	19.4%	42.8%	100.0%

Fig. 20b:

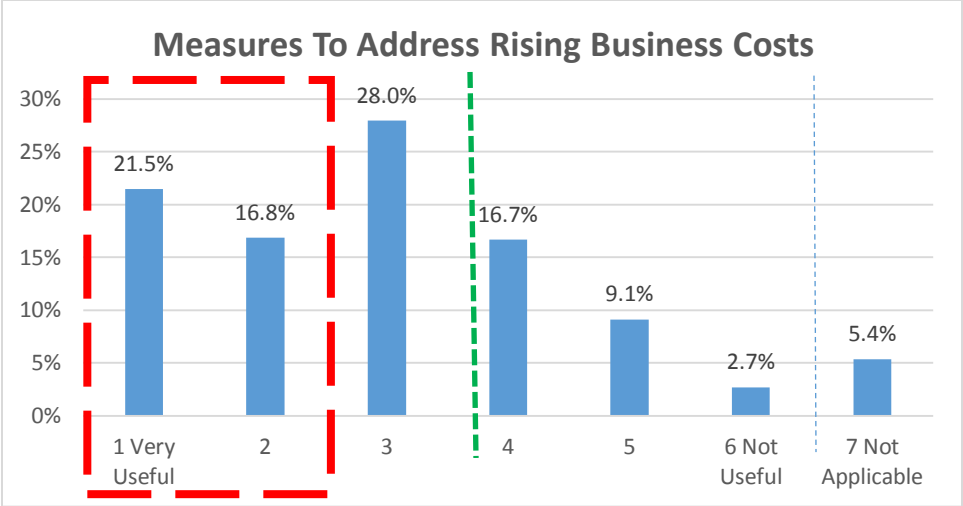
Flexibility to write down the cost of acquiring IP over different periods of 5, 10, or 15 years, instead of the current 5 years only	Likely Useful	Likely NOT Useful	More details needed	Not Applicable to my company	Grand Total
Accommodation and Food Services	0.0%	0.0%	20.0%	80.0%	100.0%
Business Services	16.7%	50.0%	8.3%	25.0%	100.0%

Construction	19.4%	19.4%	16.1%	45.2%	100.0%
Finance and Insurance	27.3%	9.1%	9.1%	54.5%	100.0%
Information and Communication	80.0%	0.0%	0.0%	20.0%	100.0%
Manufacturing	22.7%	13.6%	22.7%	40.9%	100.0%
Others	11.8%	17.6%	17.6%	52.9%	100.0%
Transport and Storage	16.7%	16.7%	50.0%	16.7%	100.0%
Wholesale and Retail Trade	23.8%	14.3%	14.3%	47.6%	100.0%
(blank)	31.3%	12.5%	43.8%	12.5%	100.0%
Grand Total	20.6%	17.2%	19.4%	42.8%	100.0%

Addressing Rising Business Costs

27. About 38% of the companies (that gave a rating of 1 or 2 out of a scale of 1-6, with 1 being “Very Useful” and 6 being “Not Useful”) found the measures (i.e., Enhanced Corporate Income Tax Rebate, Extension of the Special Employment Credit and Foreign Worker Deferral in Specific Sectors) put forth to help companies to adjust to rising business cost as they restructure useful.

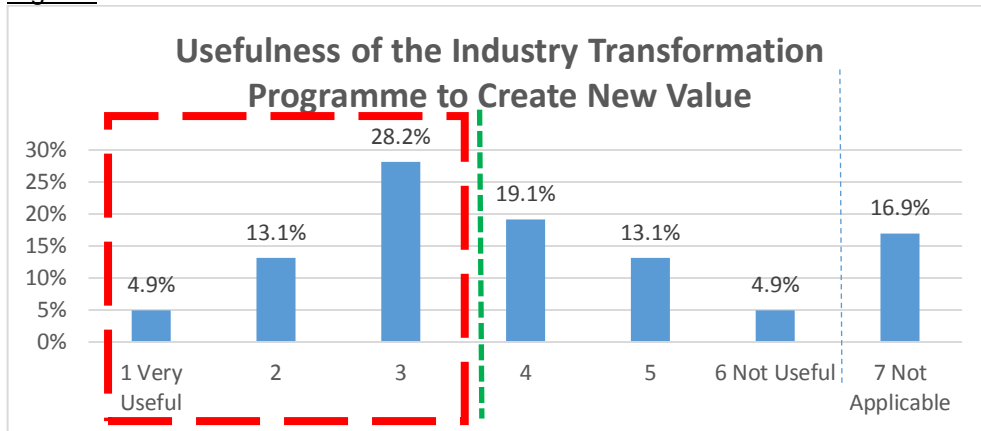
Fig. 21:



Creating New Value through the Industry Transformation Programme

28. Companies generally felt that the Industry Transformation Programme is likely to be useful. Although we note that there is a significant percentage that feel that it might not be useful yet. Perhaps, the Government could do more to share more details of the various schemes under this programme and their benefits.

Fig. 22:



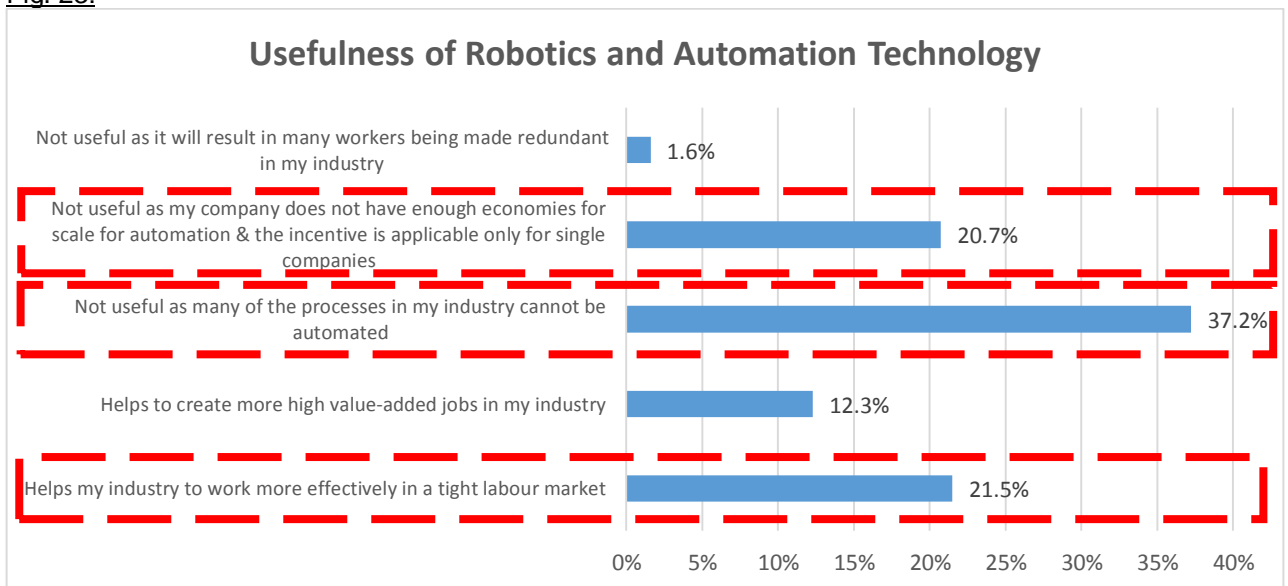
Usefulness of Robotics and Automation Technology

29. Most of the respondents (37.2%) felt that robotics and automation technology is not useful to their industries as many of the processes within cannot be automated. However, there is a sizeable percentage that indicate that Robotics and Automation Technology:

(a) Helps my industry to work more effectively in a tight labour market (21.5%); and

(b) Is not useful as my company does not have enough economies of scale for automation and the incentive is applicable only for single companies (20.7%).

Fig. 23:

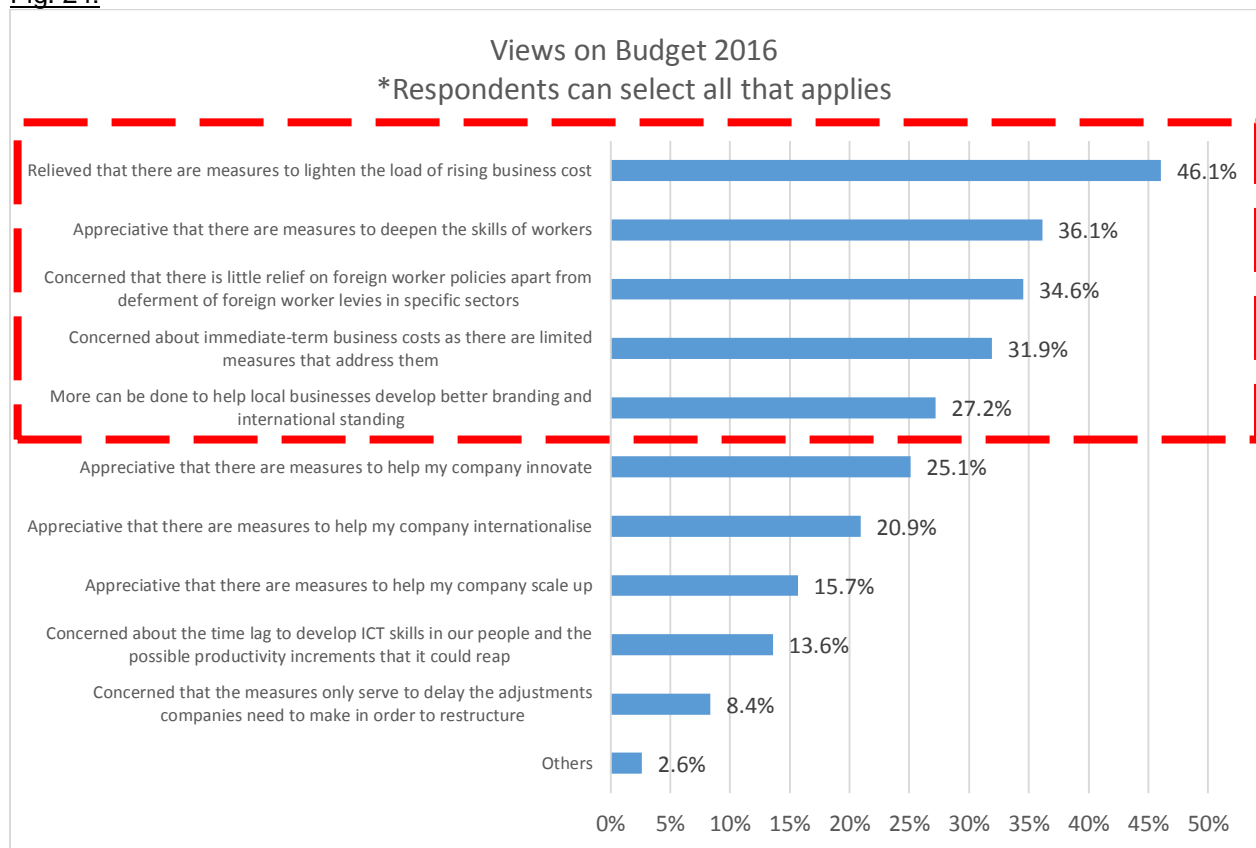


General Impact of the Budget

30. The top five views on Budget 2016 are as follows (listed from highest to lowest percentage):

- (a) 46.1% were relieved that there are measures to lighten the load of rising business cost;
- (b) 36.1% were appreciative that there are measures to deepen the skills of workers;
- (c) 34.6% were concerned that there is little relief on foreign worker policies apart from deferment of foreign worker levies in specific sectors;
- (d) 31.9% were concerned about the immediate-term business costs as there are limited measures that address them; and
- (e) 27.2% were of the view that more can be done to help local businesses develop better branding and international standing.

Fig. 24:



31. Key responses for the open ended question on business challenges which were not addressed in Budget 2016 include:

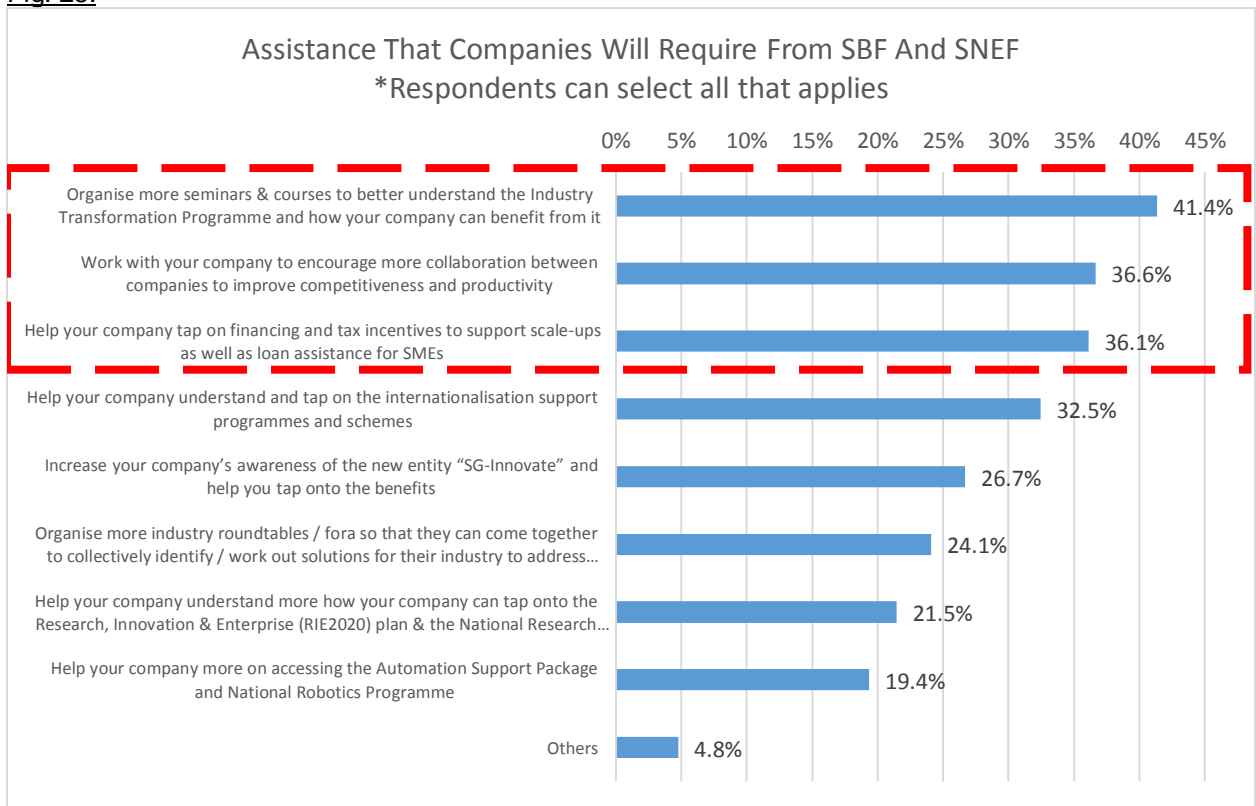
- (a) More could have been done to tackle rising business cost levels and foreign worker levy issues; as well as
- (b) Manpower related concerns such as foreign worker quota, manpower shortage and availability of skilled labour.

Assistance that Companies Will Require

32. Most of the respondents felt that SBF and SNEF could assist them in the following areas:

- (a) Organise more seminars and courses to better understand the Industry Transformation Programme and how your company can benefit from it (41.4%);
- (b) Work with your company to encourage more collaboration between companies to improve competitiveness and productivity (36.6%); and
- (c) Help your company tap on financing and tax incentives to support scale-ups as well as loan assistance for SMEs (36.1%).

Fig. 25:



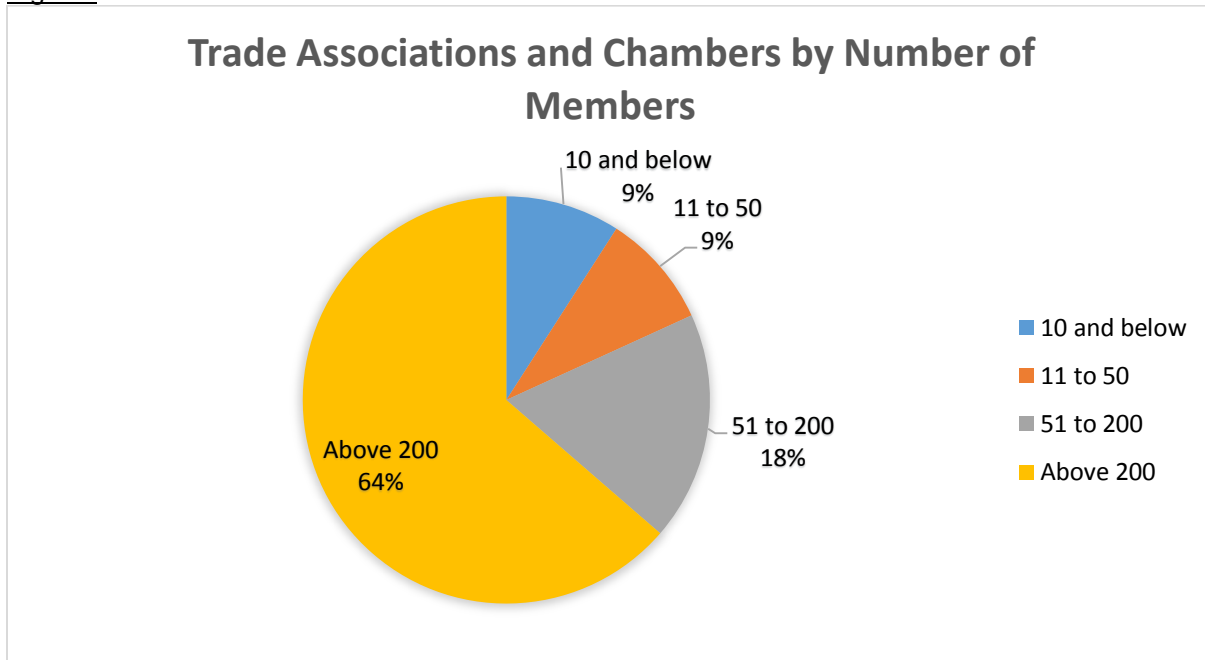
RESULTS OF THE PAPER SURVEY FOR TACs

[Note: We started to administer the survey on 1 April (when we held our “Briefing on Budget 2016 for TACs”) and closed the survey on 16 May. A total of 13 responses were collated. Respondents can select only one option per question unless otherwise stated.]

Profile of the TACs that Responded

33. Of the TACs that responded, 64% represent more than 200 member companies, 18% represent 51 to 200 member companies, while 9% represent 10 and below companies, and 11 to 50 member companies each.

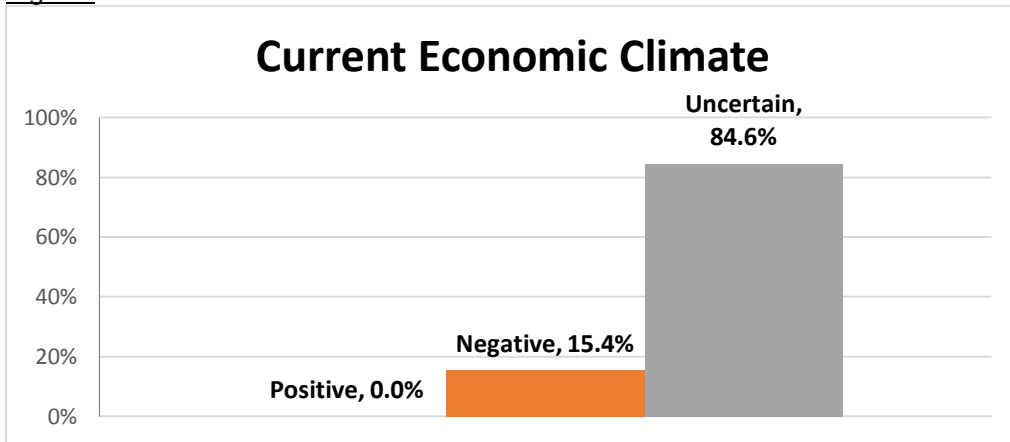
Fig. 26:



Business Outlook

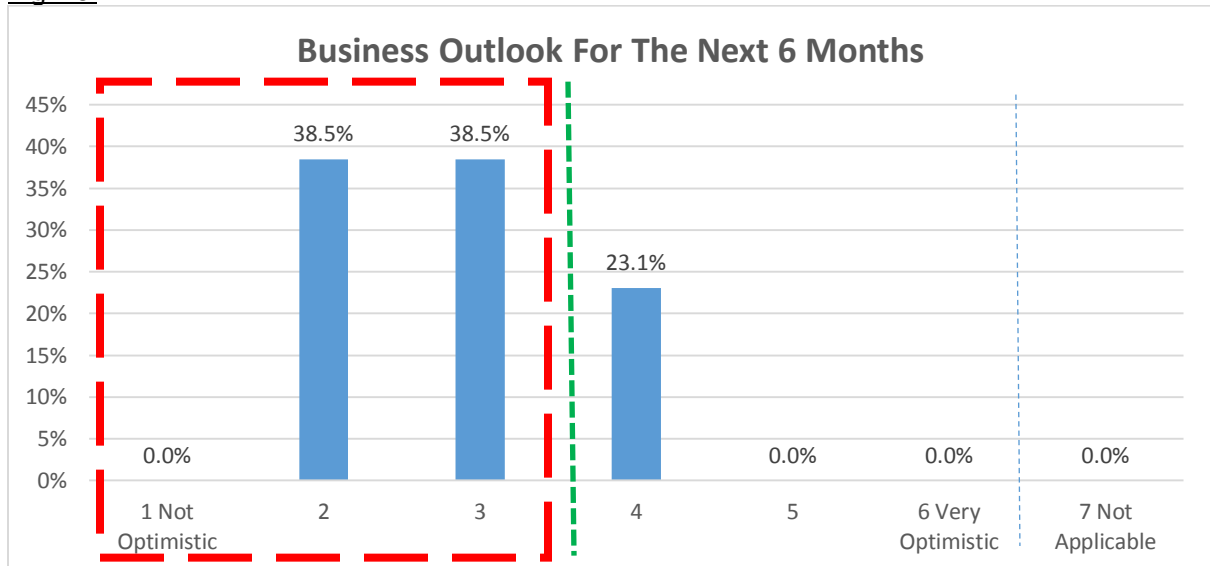
34. Majority of the TACs viewed the current economic climate as uncertain (84.6%). No TAC had positive sentiments, while 15.4% were negative in their outlook.

Fig. 27:



35. In terms of the TACs' assessment of the business outlook for the next 6 months, it was skewed towards being not optimistic (38.5% indicated a score of 1 or 2 out of a scale of 1-6, with 1 being "Not Optimistic" and 6 being "Very Optimistic").

Fig. 28:



Views on Budget 2016 Measures

36. In general, many TACs indicated that the measures to address near term concerns were likely to be useful to their member companies, in particular, the Enhanced Corporate Income Tax Rebate (91.7%), Extension of the Special Employment Credit (81.8%), and SME Working Capital Loan scheme (58.3%). However, TACs felt that the Enhancement to Revitalisation of Shops Scheme (46.2%) and Foreign Worker Levy deferment for Work Permit Holders in the Marine and Process sectors (66.7%) were of no relevance to their member companies.

37. The other new or enhanced Budget measures where many TACs indicated their member companies were likely to find useful include (i.e. instances where at least 50% of the TACs indicated that the measures are likely to be useful, listed in order of highest to lowest percentage):
- IE Singapore and SPRING will partner businesses where appropriate to access overseas markets (69.2%);
 - Business Grants Portal which will organise grants along core business needs of capability building, training and international expansion (66.7%);
 - Support more firms in their internationalisation efforts through assistance such as Global Company Partnership and Market Readiness Assistance programmes (66.7%);
 - Making available over \$450 million over the next 3 years under the National Robotics Programme to support robotics development and deployment (66.7%);
 - A new Local Enterprise and Association Development-Plus (LEAD-Plus) programme to help TACs strengthen their outreach (63.6%);
 - Grant support for the roll-out or scaling up of automation projects at up to 50% of qualifying cost, with a maximum grant of \$1 million (61.5%);
 - Investment Allowance of 100% for automation equipment, in addition to the existing capital allowance (61.5%);
 - Enhance employment support through the “Adapt & Grow” initiative to help people adapt to changing job demands and grow their skills (61.5%); and
 - Extend the Double Tax Deduction for Internationalisation scheme, till 31 March 2020 (54.5%).

Fig. 29:

Measure	Likely Useful	Likely NOT Useful	More details needed	Not Applicable to my members
Addressing Near-term Concerns				
Enhancing Corporate Income Tax Rebate from 30% to 50% (capped at \$20,000) for YA 2016 & 2017	91.7%	0.0%	8.3%	0.0%
Extending Special Employment Credit till end 2019	81.8%	18.2%	0.0%	0.0%
SME Working Capital Loan scheme for loans up to \$300,000 per SME, with Government co-sharing 50% of default risk with participating financial institutions	58.3%	25.0%	0.0%	16.7%
Enhancement to Revitalisation of Shops Scheme to better support promotional activities & upgrading projects in HDB town centres & neighbourhood centres	7.7%	30.8%	15.4%	46.2%
Foreign Worker Levy deferment for Work Permit holders in the Marine & Process sectors for a year	16.7%	8.3%	8.3%	66.7%
Industry Transformation Programme – Transforming Enterprises				
Business Grants Portal which will organise grants	66.7%	0.0%	33.3%	0.0%

Measure	Likely Useful	Likely NOT Useful	More details needed	Not Applicable to my members
along core business needs of capability building, training & international expansion				
Automation Support Package to support companies to automate, drive productivity & scale up				
Grant support for the roll-out or scaling up of automation projects at up to 50% of qualifying cost, with a maximum grant of \$1 million	61.5%	0.0%	23.1%	15.4%
Investment Allowance of 100% for automation equipment, in addition to the existing capital allowance	61.5%	7.7%	15.4%	15.4%
Improve access to equipment loans under SPRING's Local Enterprise Finance Scheme (LEFS) by enhancing Government's risk-share with participating Financial Institutions from 50% to 70%	25.0%	33.3%	25.0%	16.7%
IE Singapore & SPRING will partner businesses where appropriate to access overseas markets	69.2%	7.7%	7.7%	15.4%
Financing & Tax Incentives to Support Scale-Ups				
Expand the SME Mezzanine Growth Fund from the current fund size of \$100 million to \$150 million, by providing additional funding of up to \$25 million to match new private sector investment on a 1:1 basis	33.3%	16.7%	41.7%	8.3%
Grant M&A allowance on up to \$40 million of consideration paid for qualifying deals, instead of the current cap of \$20 million to support more M&As	25.0%	8.3%	58.3%	8.3%
Extend the upfront certainty of non-taxation of companies' gains on disposal of equity investments based on existing scheme parameters, until 31 May 2022	18.2%	9.1%	72.7%	0.0%
Support for Internationalisation				
Support more firms in their internationalisation efforts through assistance such as Global Company Partnership & Market Readiness Assistance programmes	66.7%	8.3%	0.0%	25.0%
Extend the Double Tax Deduction for Internationalisation scheme, till 31 March 2020	54.5%	9.1%	9.1%	27.3%
Industry Transformation Programme – Transforming Industries				
National Trade Platform to support firms, particularly those in the logistics & trade finance sectors	27.3%	9.1%	45.5%	18.2%
Making available over \$450 million over the next 3 years under the National Robotics Programme to support robotics development and deployment	66.7%	0.0%	16.7%	16.7%
A new Local Enterprise and Association Development-Plus (LEAD-Plus) programme to help TACs strengthen their outreach	63.6%	0.0%	27.3%	9.1%
Industry Transformation Programme – Transforming through Innovation				
Deepening Innovation Capabilities				
Up to \$4 billion under the RIE 2020 plan will be directed to industry-research collaboration, to deepen industry capabilities in innovation & R&D	40.0%	10.0%	40.0%	10.0%
A top-up of \$1.5 billion to the NRF in 2016 to support RIE 2020 initiatives	40.0%	10.0%	40.0%	10.0%
Flexibility to write down the cost of acquiring IP over different periods of 5, 10, or 15 years, instead of the current 5 years only	41.7%	8.3%	41.7%	8.3%
SG-Innovate				
A new entity "SG-Innovate" to match budding entrepreneurs with mentors, introduce them to venture capital firms, help them to access talent in research institutes & open up new markets	41.7%	8.3%	41.7%	8.3%

Measure	Likely Useful	Likely NOT Useful	More details needed	Not Applicable to my members
Jurong Innovation District				
Launch the Jurong Innovation District, which will bring together learning, innovation, research, & production to create products & services of the future	25.0%	33.3%	33.3%	8.3%
Supporting Our People through Change				
Enhance employment support through the “Adapt & Grow” initiative to help people adapt to changing job demands & grow their skills	61.5%	7.7%	30.8%	0.0%
Set up TechSkills Accelerator, a new skills development & job placement hub for the ICT sector, to enable our people to learn new ICT skills quickly.	46.2%	15.4%	30.8%	7.7%
Boost to Corporate Social Responsibility				
Business and Institute of a Public Character (IPC) Partnership Scheme to encourage employee volunteerism through businesses.	41.7%	25.0%	33.3%	0.0%
Businesses participating in Community Chest’s SHARE programme can claim 50% of the matching grant attributed to the increase in donations (above FY2015), up to a cap of \$10,000 a year, for approved CSR initiatives.	41.7%	25.0%	33.3%	0.0%

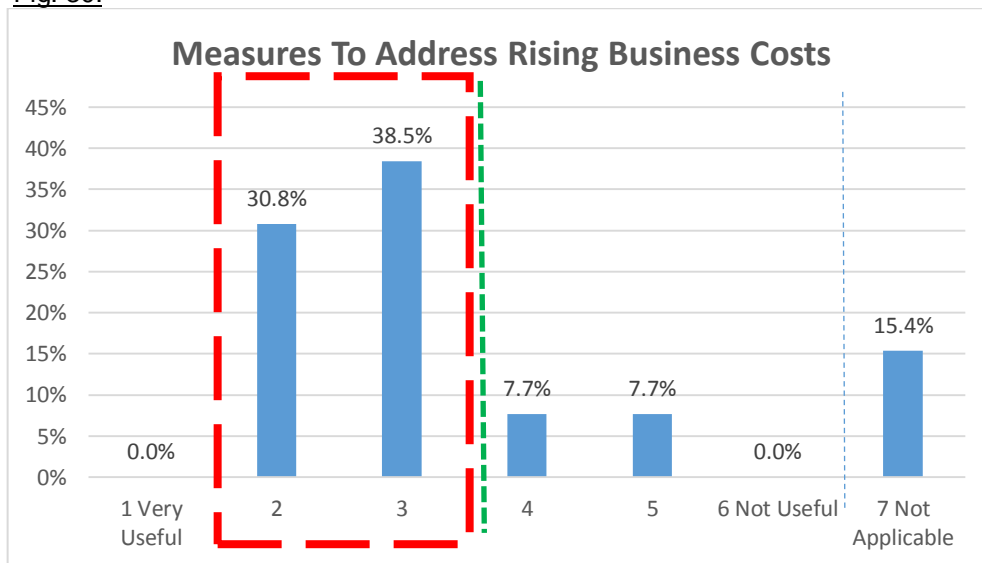
[Legend:

■: % of responses > 25%.]

Addressing Rising Business Costs

38. The majority of the TACs (69.3%) find the measures (Enhanced Corporate Income Tax Rebate, Extension of the Special Employment Credit, and Foreign Worker Levy Deferment in Specific Sectors) put forth to help their members adjust to rising business cost as they restructure, useful to slightly useful (i.e. they gave a 2 or 3 response on a scale of 1-6, with 1 being “Very Useful” and 6 being “Not Useful”).

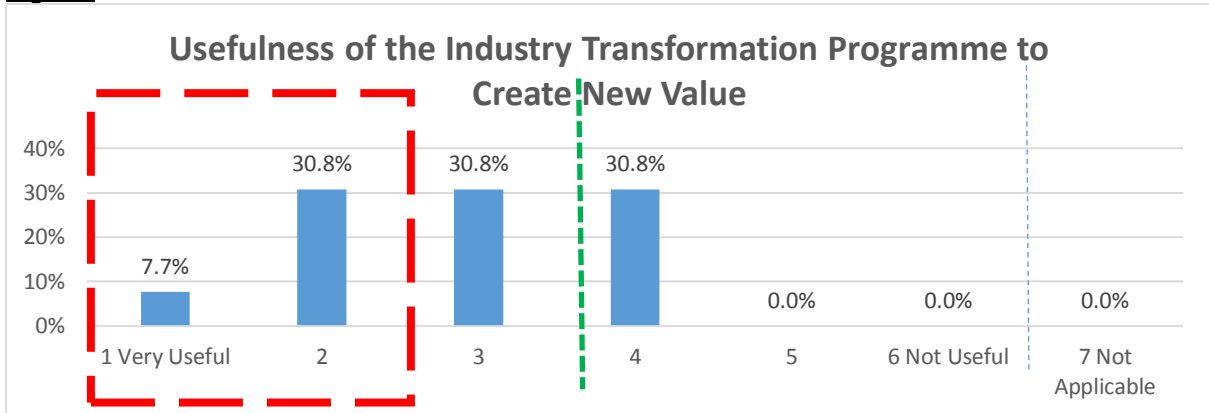
Fig. 30:



Creating New Value through the Industry Transformation Programme

39. A sizeable proportion of the TACs (38.5%) felt that the Industry Transformation Programme was useful to very useful in helping their members to create new value (i.e. they gave a ranking of 1 or 2 on a scale of 1-6, with 1 being “Very Useful” and 6 being “Not Useful”).

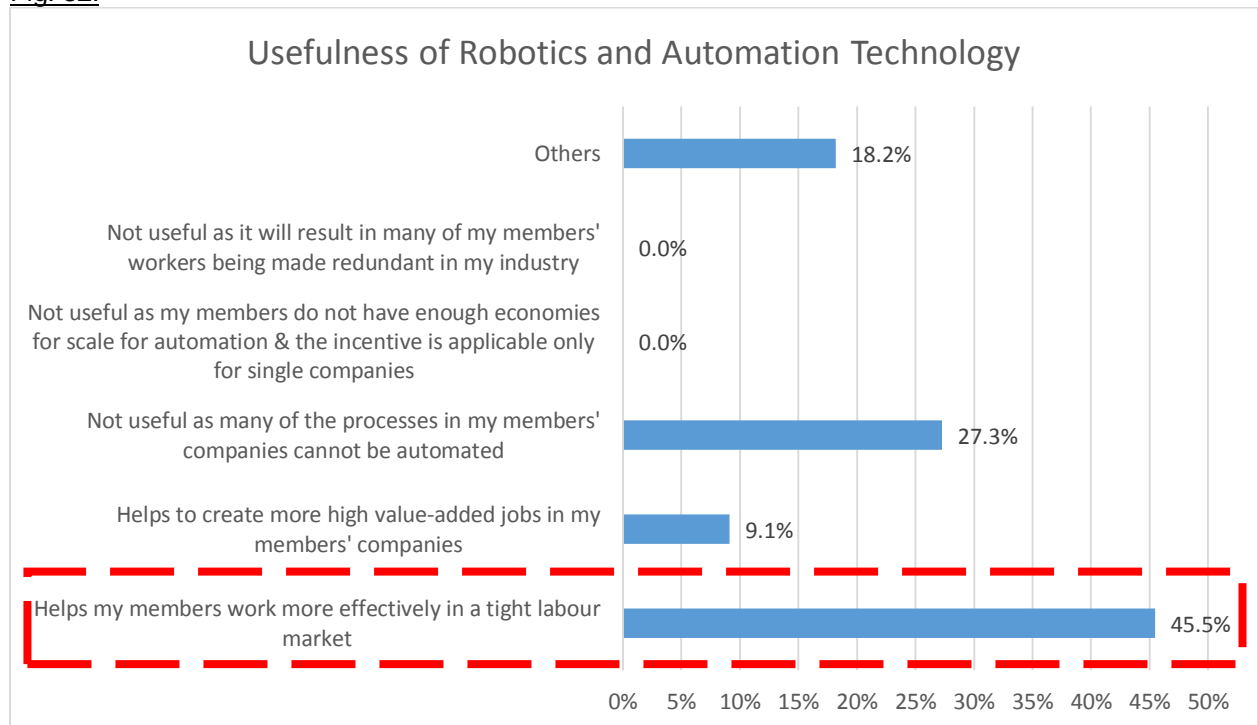
Fig. 31:



Usefulness of Robotics and Automation Technology

40. A majority of the TACs (45.5%) felt that robotics and automation technology will help their members to work more effectively in a tight labour market.

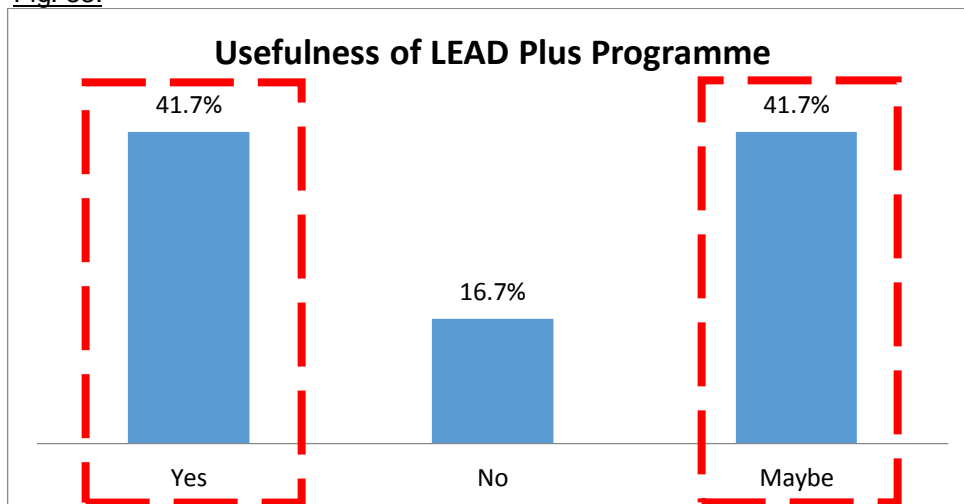
Fig. 32:



Usefulness of LEAD Plus

41. About 41.7% of TACs felt that the LEAD-Plus Programme will be useful in helping organisations drive industry-wide solutions to address the common challenges of their members. An equal percentage of TACs at 41.7% also felt that the measure maybe a useful.

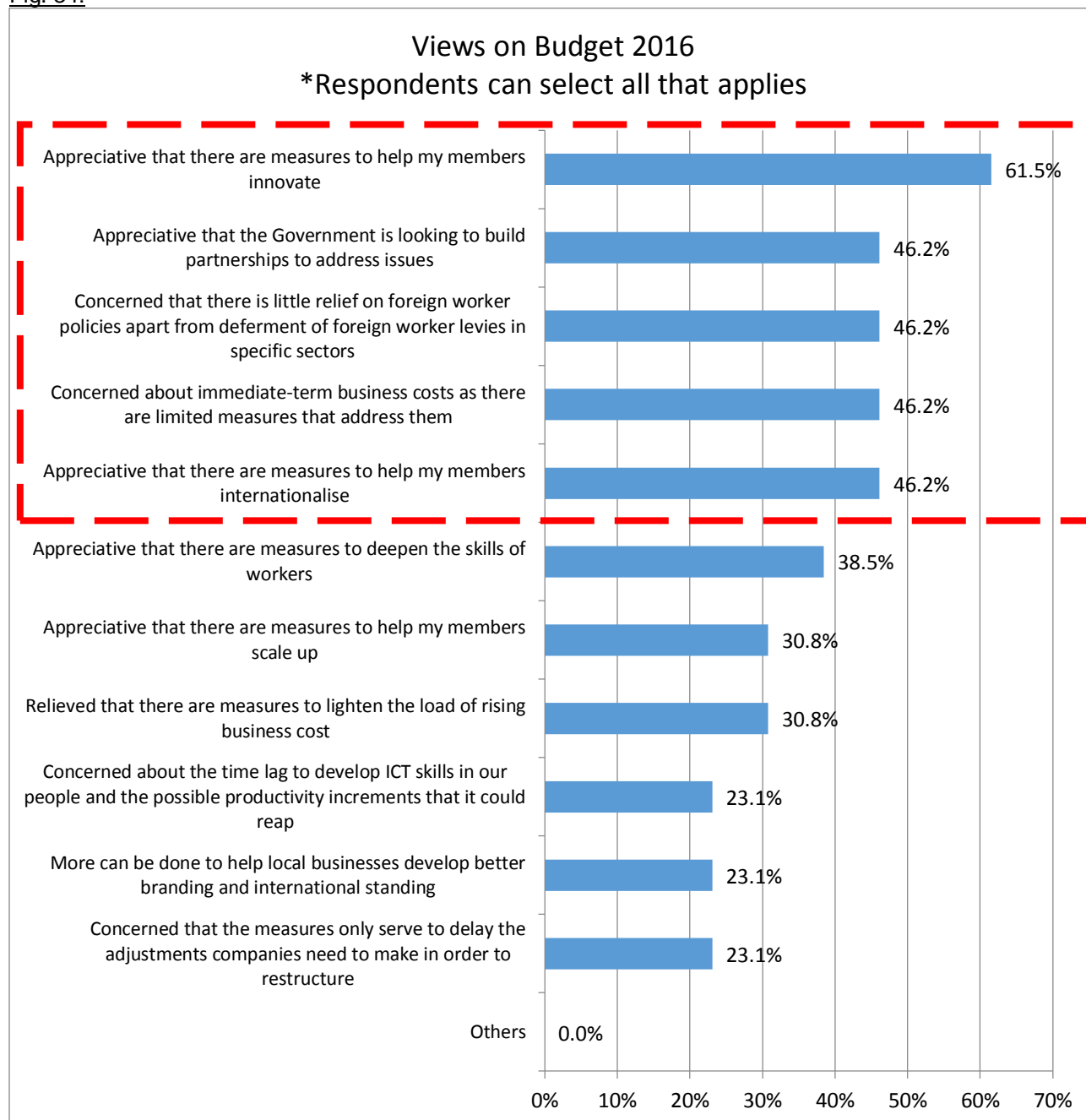
Fig. 33:



General Impact of the Budget

42. These are the top five views on Budget 2016 from the TACs (listed based on the highest to the lowest percentage):
- 61.5% were appreciative that there are measures to help their members innovate;
 - 46.2% were appreciative that the Government is looking to build partnerships to address issues;
 - 46.2% were concerned that there is little relief on foreign worker policies apart from deferment of foreign worker levies in specific sectors;
 - 46.2% were concerned about immediate-term business costs as there are limited measures that address them; and
 - 46.2% were appreciative that there are measures to help their members internationalise.

Fig. 34:



Current Business Challenges and Support Needed

43. Comments from TACs on the business challenges in members' wish list that Budget 2016 did not address include: short term initiatives to address and reduce cost pressures from economic slowdown.
44. Comments from TACs on the support needed from the Government so that the TACs can be better partners to their members to help them include: being open to the secondment of public officers on a project basis to TACs and more support for foreign chambers.

45. Comments from TACs on the assistance they need from SBF so that the TAC can be a better partner to members to help them include: organising TACs within groups to facilitate collaboration as well as raising administration standards by creating facilities such as shared services and association management software tools.
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If you have any clarifications, you may email them to research@sbf.org.sg.