



Media Release

Immediate Release

PwC Singapore and SBF call for greater support to build globally competitive and sustainable businesses, upskill workforce through enterprises and alleviate business cost

Thursday, 16 January 2025 [Singapore] – PwC Singapore and the Singapore Business Federation (SBF) are pleased to present our joint Budget 2025 Proposal titled “Forging Ahead with Confidence in Uncertain Times” aimed at fostering resilience and growth for Singapore against a backdrop of global uncertainties.

AREAS OF FOCUS FOR SINGAPORE IN 2025

2 As the nation celebrates its 60th year of independence, Singapore stands at a pivotal juncture in a world that continues to be marked by macroeconomic and geopolitical challenges, demanding business agility and innovation. Despite global headwinds, Singapore's economy demonstrated resilience in 2024 with a robust 4%¹ growth. This positive trajectory is expected to continue, albeit at a more moderate pace of between 1 to 3% in 2025².

3 Findings from the [SBF National Business Survey 2024 - Annual Business Sentiments Edition](#), suggest an outlook of cautious optimism and confidence within the business community. However, businesses highlighted high manpower costs and demand uncertainties as key challenges in 2025. Findings from [PwC's Global Investor Survey 2024](#) also show that survey respondents who invest in Singapore ranked macroeconomic volatility (at 51%) and geopolitical conflicts (45%) among their top concerns.

4 Mr Kok Ping Soon, Chief Executive Officer of SBF said, “As a small open economy, we cannot direct the winds, but we can adjust our sails. Singapore’s success hinges on our ability to adapt and thrive in a shifting global landscape. Set in an ocean of heightened geopolitical turbulence that creates uncertainty for businesses, Singapore can be a safe harbour of calm and stability, consistency and reliability. By stepping up the pace of enterprise transformation, investing in our people and our reputation as a trusted, pro-business hub, we can not only weather economic storms

1. <https://www.channelnewsasia.com/singapore/singapore-gdp-2024-q4-4834371#:~:text=For%20the%20full%20year%2C%20however,wage%20increases%20that%20outpace%20inflation>
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but seize new opportunities.”

5 Mr Marcus Lam, Executive Chairman of PwC Singapore said, “Today’s status quo may not be enough to get us where we need to go tomorrow. We can expect technological disruption, particularly AI, will continue to compel companies to change the way they operate and deliver value. Companies that have the flexibility and resilience to keep reinventing themselves – be it through their products and services, business or operating models – will be the ones that succeed. Government and industry support to help companies do this will go a long way as some industries continue to work through short term revenue and resourcing challenges.”

6 The 17 PwC-SBF Budget Recommendations build on the 27 recommendations around manpower transformation, land use optimisation and strengthening of the regulatory framework surfaced by the Alliance for Action on Business Competitiveness (AfA-BC) in November 2024, jointly led by SBF and the Ministry of Trade and Industry. In addition, they are aligned to and reinforce the key themes outlined by Prime Minister Lawrence Wong for Budget 2025 and aim to address current challenges while capitalising on emerging opportunities for sustainable growth as the country marks SG60.

7 SBF notes that the Government favourably considered several of our recommendations for Budget 2024, including the introduction of Artificial Intelligence (AI) assistance initiatives, the enhancement of the Energy Efficiency Grant and the expansion of the Enterprise Financing Scheme-Green to include adopters of green solutions. We are also encouraged by steps taken to improve the government procurement process including the launch of the Tender Lite initiative that will help smaller enterprises when bidding for government procurement projects. SBF looks forward to the Government’s response in Budget 2025 to our current set of recommendations and the recommendations contained in the AfA report.

8 A complete list of our 17 recommendations can be found in the proposal. We would like to highlight 10 key recommendations in our report.

HIGHLIGHTS OF KEY RECOMMENDATIONS

1) Targeted Assistance for Businesses to Enhance Global Competitiveness

9 In view of global disruptions, it is imperative for Singapore to be vigilant and proactive in building the competitive edge of businesses in Singapore. To achieve this, businesses need to embrace innovation and technology while minimising their environmental impact. This requires a collaborative approach to support businesses in scaling up operations, adopting cutting-edge technologies, and expanding into new markets.

PwC Singapore and SBF recommend:

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A) Supporting Singapore businesses to pivot for growth and scale through mergers and acquisitions, joint ventures and address their financing needs holistically. (Refer to pages 7 to 9, recommendations A1 and A2 in the proposal)

10 Enterprises in Singapore should look to scale up to acquire the capabilities and access to resources needed to better compete on the global stage. While such growth can happen organically, mergers and acquisitions (M&As) are usually an expedient way to achieve scale. These, however, can be complex, and our small and medium enterprises (SMEs) often require assistance from professionals. To support SMEs in pursuing non-organic growth strategies such as M&As and joint ventures (JVs), we suggest establishing targeted business and financing advisory services centres within Trade Associations and Chambers (TACs), to educate SMEs on M&A and JV strategies as well as opportunities. This initiative would provide a one-stop solution for SMEs seeking integration advisory services and financing solutions. The Government can consider expanding the Enterprise Development Grant (EDG) to cover these costs.

11 Promoting cross-border M&As by aligning legislation for legal and tax outcomes, like Singapore's current amalgamation regime, would allow the merged entity to retain valuable legal and tax attributes. A "brand continuation" provision enables certifications and legacy identities to be retained. Additionally, recognising integration-related costs as capital expenditure for lease renewals with JTC can incentivise such activities.

12 In terms of financing, the Government currently assists SMEs through the Enterprise Financing Scheme (EFS), which shares loan default risks with financial institutions. SMEs can benefit from broader financial advice that encompasses a wider range of funding options beyond traditional debt financing.

13 To enhance support for SMEs, the Government can partner with TACs to curate industry-specific financing solutions. The proposed business advisory centres can also offer financing guidance, facilitate referrals to alternative funding sources such as private equity and angel investors, and resources for managing financial risks. SMEs can also receive advisory support to manage financial risks, including insurance and crisis management strategies.

B) Helping Businesses Scale Internationally (Refer to page 9, recommendation A3)

14 Businesses are hesitant to explore unfamiliar but promising markets such as Africa, the Middle East, and Central and Latin America. According to SBF's NBS 2024 – Scaled Internationally Edition, businesses identified the need for assistance with business regulations (49%), a central reference for internationalisation information (40%), and a support network for partnerships (40%) as their top requests.

15 The current Singapore Enterprise Centres (SEC) by SBF and the Singapore Chinese Chamber of Commerce and Industry (SCCCI) have provided businesses

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significant support in their overseas expansion journey.

16 To further facilitate and encourage businesses to internationalise, our recommendations include establishing new SECs in promising markets such as Africa, India and the Middle East, enhancing the Market Readiness Assistance (MRA) grant, and continuing to provide additional support for trade financing through an extension of EFS-Trade Loan scheme's maximum quantum for another year.

C) Enhancing the Productivity Solutions Grant (PSG) to accelerate businesses digitalisation (Refer to page 10, recommendation A4)

17 The recent SBF National Business Survey (NBS) – Smart Enabled Businesses Edition 2024 showed that beyond financial support for digitalisation, businesses require a broader range of capability support in adopting increasingly complex digital solutions and the associated implementation challenges. With the rising baseline of digitalisation, businesses increasingly require customised solutions and the flexibility to mix-and-match across different solutions for an effective end-to-end solution. We recommend enhancing the PSG scheme for greater flexibility to better support SMEs in terms of financing for modular add-ons and customisable packages to aid their digital transformation.

2) Strengthening Workforce Transformation through Enterprises for Desired Outcomes

18 Central to our Budget 2025 recommendations is equipping the workforce with skills essential for an increasingly complex business environment, with job redesign being a critical component of workforce transformation and enterprise competitiveness. According to [PwC's Global Investor Survey 2024](#), 84% of survey respondents investing in Singapore urge businesses to invest in upskilling their workforce. Furthermore, 29% expect AI to lead to headcount increases of 5% or more.

PwC Singapore and SBF recommend:

A) Enhancing/ Repurposing SkillsFuture for Enterprises Credit (SFEC) (Refer to page 17, recommendation B1)

19 Workforce transformation is most effective when undertaken as part of a clear enterprise transformation roadmap. Currently, companies can utilise the SkillsFuture Enterprise Credit to offset out-of-pocket expenses for training and other transformation initiatives. However, the process of applying for multiple schemes to access the right support can burden companies, especially SMEs.

20 To streamline this, we propose that the Government introduce an Enterprise and Workforce Transformation Grant to incentivise businesses to pursue both enterprise and workforce transformation, simultaneously. Key features of the grant may include:

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- i. **A \$100,000 cap to support enterprise and workforce transformation objectives**, including digitalisation, productivity enhancements, job redesign and training.
- ii. **A structured wallet system** providing access to funds for a limited time, encouraging businesses to take ownership in carefully planning the utilisation.
- iii. Access to grant funds should be contingent upon businesses submitting a **detailed enterprise and workforce transformation plan**, which may include hiring a qualified advisor or consultant to help develop potential plans and monitor implementation.

B) Accelerate Job Redesign Across Enterprises and Promote Job Fractionalisation (Refer to page 18, recommendation B2)

21 We suggest expanding the Productivity Solutions Grant (PSG-JR) to cover a broader range of job redesign costs, such as automation software or flexible work solutions, and changing the grant limit to a per-project cap instead of a cap per enterprise.

22 While such funding is available through grants such as the PSG or the Enterprise Development Grant (EDG), a consolidated application process under a single framework can reduce administrative burden and improve accessibility to the various schemes.

23 Our joint proposal also advocates increased government support to encourage job fractionalisation, which involves breaking down jobs into smaller, discrete tasks. The Government can support businesses through:

- i. **Developing a Tripartite Standard on Fractional Employment**, which includes guidelines for smooth transitions between part-time and full-time staff, communication protocols, and resources for businesses.
- ii. **Providing funding support for part-time workers**, which includes training programmes for new skills which enhance employability.
- iii. **Establishing platforms to manage fractionalised work arrangements**, standardising tasks, integrating IT systems, and reducing administrative burdens for SMEs.

24 Implementing these measures can help businesses tap into underutilised labour pools like seniors, persons with disabilities and gig workers, while promoting flexibility, efficiency and inclusion for both the workforce and employers.

3) Enhancing the Business Ecosystem for Greater Competitiveness

25 Singapore remains one of the world's most competitive economies, ranking first in the Institute for Management Development (IMD) World Competitiveness Ranking

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in 2024. Singapore's continued success will depend on its ability to uplift its enterprises and foster an inclusive and collaborative ecosystem for businesses, particularly SMEs.

PwC Singapore and SBF recommend:

A) Deepening our Capital Markets (Refer to page 22, recommendation C1)

26 In 2023, the Singapore Stock Exchange (SGX) experienced a notably quiet IPO market, with only 7 deals raising a total of US\$30 million, a significant decline from previous years. Business leaders identified stringent IPO processes and high compliance costs as major challenges during SBF's Focus Group Discussions. The Government can consider a **concessionary tax rate for income generated by newly listed companies** in their initial years, along with **tax deductions on notional interest calculated on their equity capital**.

27 Other recommendations to encourage listings in Singapore include:

- i. **Granting a tax deduction** (including enhanced deductions) **of listing costs** to incentivise companies considering listing in Singapore versus other jurisdictions
- ii. **Streamlining the IPO process**, which can take up to a year depending on the size and complexity of a company. A review can be conducted to assess and enhance the listing process such as by streamlining mandatory documents required and offering further pre-clearance for businesses already listed elsewhere
- iii. **Restructuring the Listing Grant to a milestone-based disbursement model** to help mitigate the financial risk for a potential IPO company in the event of an aborted IPO.

B) Leveraging Procurement to Drive Transformation (Refer to page 24, recommendation C4)

28 Success in winning tenders remains a challenge for SMEs due to complex tender requirements, excessive documentation, project bundling, delayed payments and other challenges. Streamlining public sector procurement is crucial for a fair and transparent business ecosystem but at the same time, this can be a useful tool to encourage enterprise transformation.

29 We suggest expanding the Tender Lite initiative to include more categories of government procurement such as construction and IT services to benefit more SMEs. Additionally, the Government can incentivise larger enterprises to adopt a 'Queen Bee' approach, where tax and financial incentives are granted to encourage them to help uplift their SME suppliers in areas such as supply chain management, cybersecurity and sustainability.

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C) Developing & Implementing a National Prompt Payment Code of Conduct
(Refer to page 25, recommendation C5)

30 SMEs in Singapore face a multitude of challenges, with timely payments being on top of the list for many. Prompt payments enable SMEs to maintain quality, meet financial obligations, plan effectively, and attract talent. This proposal suggests implementing a national Prompt Payment Code of Conduct, inspired by successful models in Australia, New Zealand, and the UK. This voluntary code would emphasise fair payment terms, simplified invoicing, and transparent verification processes.

31 Encouraging businesses and government agencies to sign up to this code can foster a culture of prompt payment, strengthen business relationships, and enhance the overall business environment for SMEs.

4) **Helping Businesses Address Cost Pressures**

32 In recent years, Singapore businesses continue to face rising costs from macroeconomic changes, impacting their competitiveness and growth. These proposed measures aim to provide immediate relief, given the uncertain economic outlook for 2025.

PwC Singapore and SBF recommend:

A) Alleviating cost of doing business with a one-off property tax rebate (Refer to page 15, recommendation A6)

33 During the COVID-19 pandemic, a property tax rebate for non-residential properties helped businesses by reducing rental costs. However, rising rental costs are again a significant challenge for businesses. We propose that the Government provide a one-off property tax rebate of up to 50% for qualifying non-residential properties in 2025. An overall dollar cap on the rebate can be set so that the SMEs can benefit more on a proportionate basis.

34 To ensure fair treatment, the proposal includes measures requiring landlords to pass on the property tax rebate to tenants through reduced rentals or direct payments. Tax deductions for landlords and tax exemption for tenants may be given on these payments.

B) Extending wage cost relief to businesses especially for lower to middle income workers (Refer to page 19, recommendation B4)

35 The National Wage Council report highlights uneven productivity growth across sectors in the first half of 2024, with outward-oriented sectors performing better. Unit labour costs increased significantly, particularly in service sectors like Food & Beverage and Retail.

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36 To address rising manpower costs, PwC and SBF recommend:

- i. **Extending the 50% first-tier support for the Progressive Wage Credit Scheme to 2025** to help employers manage mandatory wage increases for lower to middle income workers.
- ii. **Deferring the increase in Foreign Worker Levy by a year** to provide some relief to businesses.
- iii. **Providing a one-off wage cost relief** through either a corporate income tax rebate or a wage credit scheme for Singaporean employees earning between \$3,000 and \$5,500.

- End -

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About PwC (普华永道新加坡)

At PwC, our purpose is to build trust in society and solve important problems - this is at the core of everything we do from the value we provide to our clients and society to the decisions we make as a firm.

Our services started with audit and assurance over a century ago. As times change and the issues faced by businesses and individuals evolve, we have developed

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specialised capabilities in tax, advisory and consulting to help you address emerging new challenges across focus areas like ESG, sustainability and climate change, digital transformation, cyber security and privacy, data, mergers and acquisitions, and more.

In Singapore, we have more than 3,500 partners and staff to help resolve complex issues and identify opportunities for public, private and government organisations to progress. As part of the PwC network with more than 370,000 people in 149 countries, we are among the leading professional services networks in the world focusing on helping organisations and individuals create the value they are looking for.

About Singapore Business Federation (新加坡工商联合总会)

Singapore Business Federation (SBF) is the apex business chamber with over 32,000 members across diverse industries. With a vision to advance Singapore towards a globally competitive and sustainable economy, SBF mobilises the business community to be future-ready and magnify transformation opportunities through policy advocacy, partnership platforms and capability programmes.

For more information, please visit: www.sbf.org.sg

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