



**SME COMMITTEE  
BUDGET 2017  
RECOMMENDATIONS  
SUMMARY REPORT**

# OVERVIEW

## **SBF SME COMMITTEE AND THE SINGAPORE BUDGET**

Over the past five years, the SBF-led SME Committee (SMEC) had submitted Budget recommendations to the government, which focused on key issues and concerns that SMEs faced during the respective years.

In 2017, the SMEC will continue to champion issues pertinent to SME sustainability and development, as well as the economic competitiveness of Singapore. The insights gathered from SMEC's work in 2016 formed the framework of SMEC's Budget Recommendations 2017, which will be shared broadly in this summary report.

SMEC's recommendations for Budget 2017 took into consideration the benefits of Singapore owned world class companies would value-add to the local economy and uplift the business ecosystem, and the increasingly significant role of SMEs in Singapore.



## **THIRD GROWTH ENGINE: GLOBALLY COMPETITIVE COMPANIES (GCCS)**

Apart from growth led by MNCs and GLCs, Singapore needs a third thrust of Globally Competitive Companies, to deliver future economic success.

## **BROAD-BASED SUPPORT FOR SMES**

To navigate through the current economic slowdown, broad-based support should be accorded to SMEs to alleviate operating concerns and to seize growth opportunities.



# BUDGET CONSIDERATIONS

## Economic Outlook

Key risks such as rising private sector debt in large emerging markets, heightened policy and geopolitical uncertainties, anaemic global growth, nationalistic policies and anti-trade sentiments could stifle growth. As the world economy moves further away from the global financial crisis, the factors affecting global economic performance are becoming more complex, reflecting a combination of global forces such as demographic trends, disruptive technologies, persistent decline in productivity growth, and an adjustment to lower commodity prices.

## Boost to Singapore's Economic Growth

Singapore is currently in a mode of economic restructuring and transformation amid tepid global growth. In the past five years, economic growth had slowed and competition with regional economies had intensified. Enterprises in the emerging and developing economies are growing rapidly. To ensure Singapore's sustained competitiveness and relevance in the new economy, it is imperative that we develop a third growth engine that is driven by technology, innovation and entrepreneurial talent.

## Increasing Pessimism Clouds the Outlook for 2017

The overall SBF-DP SME Index reading for 1Q17 to 2Q17 recorded its lowest reading of 49.8 in seven years, highlighting business uncertainty as SMEs' top-line performance weakens. Findings from the SBF's National Business Survey (NBS) 2016-2017 echoed similar trends, with only one in ten businesses expecting the economic climate to get better over the next 12 months whilst almost half felt that it could get worse.

# BUDGET 2017 RECOMMENDATIONS AT A GLANCE

## THIRD GROWTH ENGINE: GLOBALLY COMPETITIVE COMPANIES

Growth in the technology revolution space would be led by entrepreneurs and disruptive innovation. Risk and uncertainties are innate to such innovation activities. The SMEC's six recommendations to support the development of the third growth engine aim to provide an environment conducive for a creative and entrepreneurial nation, and attract foreign entrepreneurial talents and high tech enterprises to form joint ventures with local enterprises in Singapore to create new businesses which would blaze new paths to success for Singapore.



# BUDGET 2017 RECOMMENDATIONS AT A GLANCE

## THIRD GROWTH ENGINE: GLOBALLY COMPETITIVE COMPANIES

### Economic Key Performance Indicators (KPIs) of Developing High Growth Companies

- a) Agencies-in-charge of their respective Industry Transformation Maps to be assigned a target on the number of GCCs to be developed
- b) Introduce incentive schemes to attract innovative companies to anchor in Singapore, with the condition that they enter into a joint venture with local companies

### Private Bourse for Innovative Companies

The government to commission a study to assess the feasibility of establishing a private bourse for innovative companies to raise capital

### Asset Protection for Business Continuity

The government to study the feasibility of implementing a framework to enable entrepreneurs and investors, particularly those in high-technology industries, to protect important assets and investors' interests so that distressed businesses can find solutions to alleviate their situation

### Attract Entrepreneurial Talent

- a) The government to review and refine the criteria for Employment Pass (EP) and Personalised Employment Pass (PEP) to take into account the unique profiles which characterises entrepreneurial talents
- b) Review the work pass requirements to allow entrepreneurs with innovative and/or disruptive technologies to be granted an Entrepass, on the condition they enter into a joint venture with qualified local enterprises

### Intellectual Property (IP) Financing

- a) Expand the Intellectual Property Financing Scheme (IPFS) to include IP acquisition financing
- b) The government to co-share a higher risk quantum (currently at 50 percent) for loans under the IPFS

### Commercialisation of Public Sector Intellectual Property

Government to formulate and implement policies to better commercialise the intellectual property developed by public sector research institutes and institutes of higher learning

# BUDGET 2017 RECOMMENDATIONS AT A GLANCE

## BROAD-BASED SUPPORT FOR SMES

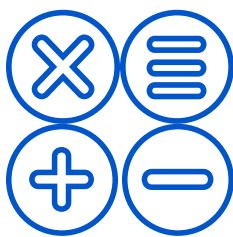
SMEs are an important pillar of the Singapore economy. In the past 20 years, SMEs have continued to play an increasingly significant role in the Singapore economy. From 1997 to 2015, the number of SMEs had almost doubled, and workers employed by SMEs nearly tripled.

While the local economy had remained resilient amid slow growth, concerns ranging from cost of doing business to manpower continue to be formidable headwinds SMEs face in their economic restructuring journey. Given the significance of SMEs to the Singapore economy, it is therefore very important for the government to ensure its strong support to SMEs especially during the current economic slowdown. It is an opportune time for the government to review and enhance the assistance programmes available to help them alleviate operating concerns and seize growth opportunities. This would be addressed by SMEC's 15 recommendations targeted at broad-based support for SMEs.

## The Five SMEC Sub-Committees



Cost of Doing  
Business



Financing



Innovation



Internationalisation



Manpower &  
Productivity

# BUDGET 2017 RECOMMENDATIONS AT A GLANCE

## BROAD-BASED SUPPORT FOR SMES



### **Reducing Manpower Related Cost**

The government to hold back any planned increase in Foreign Worker Levy across all sectors for 36 months



### **Government Compliance and Regulations**

The government to study, review and streamline compliance, regulatory related costs, requirements and approving framework, starting with pilot sectors such as advanced manufacturing and food services



### **Rental Relief amid Protracted Period of Slow Growth**

Government landlords to provide rental rebates for all industrial, commercial and retail properties



### **Fair, Unambiguous and Transparent Rental Practices**

Government landlords to take the lead in adopting the Fair Tenancy Framework



### **National Portal to Digitise Business-to-Business (B2B) Transactions**

The government to commission a study on the implementation of setting up a national B2B platform



### **Financing and Working Capital Challenges**

Enhance the existing Working Capital Loan by raising the loan cap beyond \$300,000 and increase the risk quantum co-shared (currently at 50 percent) by the government

# BUDGET 2017 RECOMMENDATIONS AT A GLANCE

## BROAD-BASED SUPPORT FOR SMES



### **Acknowledgement of Contribution towards Co-Innovation**

Formally recognise, via a Letter of Offer or equivalent, the contribution of partnering large enterprises, thereby allowing cost-recovery of resources attributed to the participation of such projects by these large enterprises



### **Encourage Collaborative Research in Development of Intellectual Property**

Enhance the Headstart programme to grant SMEs the option to either acquire the foreground IP generated or directly extend the IP's exclusivity to 36 months to facilitate successful commercialisation



### **Recognising Efforts in Research and Development (R&D)**

Allow economic agencies responsible for the awarding of R&D incentives to assess the merits of SMEs' R&D initiatives independently, instead of adhering strictly to the tax definition of R&D



### **Enhancing Support for Internationalisation**

Enhance the Global Company Partnership programme:

- a) Increase the sales turnover from \$100,000 to \$300,000 in the definition of new markets
- b) Allow SMEs to claim costs for up to five staff, inclusive of staff hired from the new market
- c) Increase support quantum from \$100,000 to \$300,000 a year
- d) Extend support from 12 months to 24 months for up to 70 percent of costs incurred



# BUDGET 2017 RECOMMENDATIONS AT A GLANCE

## BROAD-BASED SUPPORT FOR SMES



### **Strengthening Local Business's Overseas Venture**

Do not subject Training Employment Passes (TEPs) to qualifying salary and Training Work Permits (TWP) to foreign worker quota and levies



### **Developing Human Capital with Global Mind-Set**

Offer support on 100 percent of cost for staff on overseas deployment for the first year and up to 70 percent in the subsequent two years for companies who have gone through the overseas market attachment programme



### **Collaborative Strategy for Internationalisation**

The government to provide support through tax credits or special tax rebates to spur collaboration for large local enterprises to subcontract/partner SMEs for overseas projects



### **Culture Transformation to Tackle the Fast Evolving Business Environment**

Include SME Leaders (including business owners and C-suites) for funding support in leadership training schemes



### **Augmenting Professionals, Managers and Executives' (PMEs) Capabilities for Different Sectors**

Enhance the Career Support Programme (CSP) to extend wage supplement support to 18 months from the current 12 months, with the option to include a training bond

# SME COMMITTEE MEMBERS

## Main Committee

### Advisors

Ms Sim Ann	Senior Minister of State	Ministry of Trade & Industry
Mr Teo Ser Luck	Minister of State	Ministry of Manpower

### Chairman

Mr Lawrence Leow	Chairman & CEO	Crescendas Group
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### Vice-Chairman

Mr Melvin Tan	Managing Director	Cyclect Group
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### Members

Mr Teo Siong Seng	Chairman	SBF
Mr Abdul Rohim Sarip	Immediate Past President	SMCCI
Mr Casey Kesavan	Council Member	SICCI
Mr Dennis Foo	President	SNBA
Ms Donna Lee	President	FLA
Mr Douglas Foo	President	SMF
	Council Member	SNEF
Mr Ernie Koh	President	SFIC
Mr Kenneth Loo	President	SCAL
Mr Kurt Wee	President	ASME
Mr Lau Tai San	Vice President	SCCCI
Mr Linus Goh	Head, Global Commercial Banking	OCBC
Mr R Dhinakaran	President	SRA
Dr Ricky Souw	Immediate Past Chairman	SPETA
Mr Roderick Chia	Member	SiTF
Mr Stanley Lim	Chairman	SLA
Mr Ooi Tiat Jin	Chairman, SME Committee	SCIC
Mrs Wong Sioe Hong	Vice President	SRA
Ms Audrey Yap	Managing Partner	Yusarn Audrey
Mdm Cynthia Phua	Consultant	
Mr Saktiandi Supaat	Executive Vice President	Maybank Group
Ms Susan Chong	CEO	Greenpac (S) Pte Ltd

## Sub-committee on Cost of Doing Business

### Chairman

Mr Kurt Wee	President	ASME
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### Vice-Chairman

Mr Tay Hong Beng	Partner, Head of Tax	KPMG
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### Members

Mr Kenneth Loo	President	SCAL
Mr Benjamin Tan	Treasurer	SCAL
Mrs Wong Sioe Hong	Vice President	SRA
Mr Adrin Loi	Executive Chairman	Ya Kun International
Mr Alvin Yapp	Head, Corporate Affairs	BusAds
Mdm Cynthia Phua	Consultant	
Mr See Chern Yang	Legal Director	Premier Law LLC
Mr Steven Chen	Executive Chairman	NAT Aire Builder

## Sub-committee on Financing

### Chairman

Mr Linus Goh	Head, Global Commercial Banking	OCBC
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### Members

Mr Steven Koh	Advisor	SPETA
Mr Roderick Chia	Member	SiTF
Mr Lawrence Yong	CEO	Moolah Sense
Mr Nicholas Malcomson	Director	Pay2Home Direct
Ms Chew Mok Lee	Assistant CEO	SPRING Singapore
Mr Dennis Kuah	Deputy Director	SPRING Singapore
Ms Gina Lim	Group Director	IE Singapore
Mr Paul Ng	Divisional Director	IE Singapore

## Sub-committee on Innovation

### Chairman

Ms Audrey Yap	Managing Partner	Yusarn Audrey
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### Vice-Chairman

Mr Mark Lee	President	TaFF
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### Members

Dr Ricky Souw	Immediate Past Chairman	SPETA
Mr Roderick Chia	Member	SiTF
Mr Ryan Chioh	Honorary Secretary	SMF
Mr Adrian Long	General Manager	V3 Smart Technologies Pte Ltd
Ms Annie Tan	Director	TSK Foods Pte Ltd
Mr Christopher Ng	Group CEO	Rigel Technology (S) Pte Ltd
Mdm Cynthia Phua	Consultant	
Mr Eugene Tan	Managing Director	XentiQ Pte Ltd

## Sub-committee on Innovation (continuation)

Dr Govindharaju Venkidachalam	Director	Hyflux Ltd
Mr Melvin Tan	Managing Director	Cyclect Group
Mr Tan Jit Khoon	Chief Executive Officer	Winson Press Pte Ltd

## Sub-committee on Internationalisation

### Chairman

Mr Lau Tai San	Vice President	SCCCI
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### Vice-Chairman

Mr Abdul Rohim Sarip	Immediate Past President	SMCCI
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### Members

Mr David Tan	Vice President	SFMA
Ms Donna Lee	President	FLA
Mr Ernie Koh	President	SFIC
Mr Andrew Khng	Director	Tiong Seng Contractors (Pte) Ltd
Dr Clive Choo	Lecturer	NTU
Dr Kar Wong	Founder & Managing Director	Advanced Holdings Ltd
Mr Ken Koh	Managing Director	Yang Kee Logistics Pte Ltd
Mr Kelvin Chia	Senior Partner	Kelvin Chia Partnership
Mr Low Ming Wah	President & CEO	Micro-Mechanics (Holdings) Ltd
Ms Wong Lee Ling	Divisional Director	IE Singapore

## Sub-committee on Manpower and Productivity

### Chairman

Ms Susan Chong	CEO	Greenpac (S) Pte Ltd
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### Vice-Chairman

Mr Dennis Foo	President	SNBA
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### Members

Mr Ang Kiam Meng	EXCO Member	RAS
Mr Danny Lien	President	SASS
Mr Erman Tan	President	SHRI
Mr Jeffrey Yu	Council Member	SCAL
Mr Kay Kong Swan	Deputy Chairman	SLA
Mr R Dhinakaran	President	SRA
Ms Adele Png	Head, Talent Acquisition	Philips Electronics (Singapore)
Mr Foo Chek Wee	Group HR Director	Zalora
Mr Francis Koh	Regional CEO – SEA	TS Kelly Asia Pacific

## Rental Practices Working Group (RPWG)

### Chairman

Mdm Cynthia Phua	Consultant	
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### Members

Mr Abdul Rohim Sarip	Immediate Past President	SMCCI
Mr Alan Goh	EXCO Member	RAS
Mr Ang Yuit	Vice President	ASME
Mr Anthony Gan	Executive Director	SRA
Mr Wei Chan	Assistant Honorary Secretary	RAS
Mr Calvin Yeo	Executive Director & Head of Office Advisory	Knight Frank (Singapore)
Ms Frances Chang Yoke Ping	Property and Projects Director	Cold Storage Singapore (1983) Pte Ltd
Ms Priscilla Yap	Senior Manager, Real Estate	NTUC FairPrice
Mr See Chern Yang	Legal Director	Premier Law LLC
Mr Tay Kah Poh	Executive Director, Agency Services	Knight Frank (Singapore)

## Government Procurement Working Group (GPWG)

### Chairman

Mr Andrew Khng	Director	Tiong Seng Contractors (Pte) Ltd
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### Members

Mr Nelson Tee	President	STAS
Mr Theodore Khng	President	YEA
Ms Christina Koh	Managing Director	Harvest Link International
Mr Kelvin Chia	Senior Partner	Kelvin Chia Partnership
Mr Teo Teck Chye	General Manager	AMOS International

## SMEC Secretariat

Mr Ho Meng Kit	Chief Executive Officer	SBF
Mr Koh Tat Liang	Assistant Executive Director	SBF
Mr Lin Guoliang	Deputy Director, SMEC	SBF
Mr Lai Wei Bing	Senior Manager, SMEC	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.

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