

# SBF National Business Survey

2013/14 REPORT

*Survey Initiated by:*



*Research Partner:*



*"Building trust in a connected world"*

## EXECUTIVE SUMMARY

On the back of further stabilization in markets in Europe, the expansion of the US market and stronger domestic GDP performance, confidence in the global economy has improved. More members have feedback that they are optimistic of the business outlook for 2014.

On the whole, slightly more than half (54%) of SMEs are expecting to be profitable in 2014. Despite the positivity resulting from the improvement/recovery in the external market the continual rise in business costs has likely cancelled out the gains.

Looking more in-depth at what are some of the cost components that are affecting SBF members, *Salary* (88%) has been listed as the component with the greatest impact on SBF members' profitability. This is followed by *Foreign Worker Levy* (54%); with the tightening manpower supply has driven the cost of labour up. *Rental of Premises* (51%) was chosen as the next most impacting cost component. This concern is also reflected in another question, Cost Related Issues, where 50% of respondents shared they are facing High Rental Costs. This suggests the severity of high rental costs on the profitability of SBF members.

The top 3 challenges that SBF members are expecting to face in the next 6 to 12 months are *High Labour Costs* (73%), *Increasing Competition* (64%) and *Uncertain Economic Environment* (56%). It is, however, good to note that fewer are citing the above challenges as one of their top challenges. Other than the external economy calming, this suggests that SBF members might have managed to work around these challenges. SBF members are feeling the heat from increasingly keener competition both domestically as well as externally. Rather than being a source of concern, increasing competition is a good sign that there is more business activity in the economy, hence leading to more business opportunities.

Of the 72% of SBF members that have indicated that higher rental costs have played a significant part in rising business costs, 74% will be keeping their existing premises. This could be due to the comparatively higher cost of relocating to another location, the inability to find a new premise, the inability to purchase their own premise or that they are currently in a long term leasing contract and are unable to break the contract.

Slightly more SBF members (98%) have shared in this survey that their total operating expenses have increased. With a general backdrop of rising costs in the current business environment, the result is unsurprising. Of these 98% that have seen increases in total operating costs, 90% have indicated that the increase was up to 30%.

Among the Financing Issues encountered, we observe fewer SBF members facing the problem of *Tightening Credit Access from Suppliers* (▼8%). However, more are facing the issues of more expensive bank loans (▲7%) and the need for more collateral for the same financing (▲3%). Of note is the one fifth of SBF respondents that have been Unable to Renew/ Obtain New Financing in the past 3 years.

In the area of General Issues, Uncertain Economic Environment (60%) continued to remain as the top general issue for SBF members. The only option that saw an increase in proportion was Foreign Staff Issues (42%).

The top 3 business strategies for 2014 are *Increase Cost Efficiency* (74%), *Offer New Products/ Services* (55%) and *Source for Cheaper Raw Materials/ Final Products* (43%). With many businesses facing rising costs, we note that there is an increasing (▲4%) group of SBF members that are looking to relocate out of Singapore. On the other hand, it is encouraging to note that there is an increasing number of SBF members (▲5%) looking beyond Singapore to seize new business opportunities via overseas expansion.

Amongst SBF members, plans to increase investment in the coming year have stayed relatively unchanged. 69% have indicated plans to increase investments in 2014. For those looking to increase investments in 2014, they will be investing mainly in the areas of *IT Infrastructure* (54%), *Upgrading Employees* (44%) and *Machinery & Equipment* (42%). This could be partly attributed to the government schemes introduced in Budget 2013, i.e. PIC Bonus and Enhancements. SBF members are continuing to invest in order to compensate for the lack of manpower available as well as rising operational costs.

Keener competition domestically has pushed more SBF members to look overseas for business opportunities. This year's survey saw an increase in the number of members that have an overseas presence. By region, the geographical proximity, culture similarities as well as business opportunities has helped Asia remain the most popular region amongst SBF members (96%). SBF members' presence in the Middle East has fallen slightly to 18% this year, on the back of the economic slowdown coupled with pockets of political instability.

Looking more in depth, the top 10 Asian countries SBF members are engaged in are *Malaysia* (65%), *China/HK* (62%), *Indonesia* (55%), *Thailand* (41%), *Vietnam* (39%), *India* (36%), *Philippines* (33%), *Japan* (28%), *Taiwan* (24%) and *Korea* (23%). We observe that there was an increase in SBF member's presence in *Japan* (▲4%) and *Korea* (▲3%).

*Myanmar* (29%), *Indonesia* (20%) and *Vietnam* (19%) have once again come out on top, as markets that SBF members would be keen to venture into. This year, Indonesia overtook Vietnam to secure the second spot. The still developing Myanmar market holds both business potential and lower business costs for companies. In the case of Indonesia, it is a very large market that still has much opportunity for businesses to take advantage of.

Of the SBF members that are engaged overseas, 43% have indicated that more than 70% of their turnover is generated overseas. The increasing cost of doing business domestically has contributed to more companies placing more importance to have a presence overseas. This is as costs of doing businesses domestically continue to be more expensive.

*Competition* (55%), *Unclear Rules & Regulations* (32%) and *Manpower Issues* (30%) have continued to be cited as the top 3 overseas challenges that SBF members faced. *Political instability* (▲5%) seems to be weighing on the minds of more SBF members this year. More SBF members are also facing problems with Compliance and Bureaucracy related issues. On the other hand, it is good that fewer SBF members are facing problems finding business contacts, a sign that the trade mission/fair and business matching have benefited these members.

Majority (82%) of SBF members have articulated through the survey that they have a business strategy for their overseas engagement. However, there has been a slight drop in the number (▼7%). Amongst the 82% who do have a strategy, more than half (58%) will be looking to collaborate with new overseas partners. 34% will be concentrating on currently engaged markets so as to gain deeper penetration. Slightly more than a quarter (26%) will be looking at developing their company's branding with an international market in mind.

We note that 14% of SBF members either have already invested in Iskandar or are planning to do so. Amongst those that have shared that they will not be looking to invest in Iskandar, the top 2 reasons stated are:

- Not suitable for their business/ there is no requirement for them to do so. (21%)
- They do not have such plans/ no such plans at the moment. (12%)

Survey feedback revealed that only slightly more than half (53%) of SBF members have heard of ASEAN Economic Community (AEC). With the community starting in 2015, most SBF members have only a basic or no knowledge of AEC. They are hence not able to see the opportunities from it. With much potential business opportunities and Singapore with possible advantages (e.g. Singapore Brand, Reputation, etc.), SBF members should realize and seize the opportunity when the AEC is formally established in 2015.

More SBF members (34%) will be looking to secure new funds in the next 12 months. Referring to Financial Issues feedback by SBF members, we see that 21% are still unable to renew/ obtain new financing. This suggests that there is still a hold up pool of SBF members that would like to get financing but are unable to do so. Of the 34% that will be looking to get financing/ loans, more than half (57%) will be seeking it for Working Capital Needs. This is followed by Asset Acquisition (43%).

The number of SBF members who find it difficult to access financing from banks have increased to 23% this year (▲3%). The biggest problem SBF members face when getting loans is the cost of borrowing (i.e. *High Interest Rates* – 84%). More than half have also cited the lack of collateral (56%) and insufficient cash flow (52%) as other problems they have encountered.

Reflecting the recent manpower policy changes, we have observed that fewer SBF members (▼6%) will be looking to increase the hiring of foreign workers. More (▲4%) will be looking instead at hiring full time local workers. To attract local employees, more will also be looking to offer permanent positions instead of part time/ contract positions.

Most SBF members (91%) will be spending up to 5% of their payroll on training and upgrading. Fewer SBF members will be looking to implement an upward salary adjustment for staff in the *Senior Manage Level* (▼5%), *Middle Management* (▼4%) and *Executive Level* (▼4%). More than half will continue to do upward adjustment this year. However, the focus this year seems to be more on the rank and file employees. This suggests greater importance on staff retention.

With the recent further tightening of foreign worker policies, 66% of SBF members have been impacted. 50% have reacted to this by hiring more local staff and improving the productivity/ skill level of staff. Investing in automation and upgrading operations is another option explored by a quarter of the affected SBF members as a way to alleviate the additional costs. Of concern, are the 15% that have downsized their business and the 11% that have relocated their operations.

More SBF members are aware of Schemes in Budget 2013. We observed a 7% increase in the level of awareness to 92% this year. Top 3 initiatives with highest level of awareness are PIC Bonus & Enhancements and the manpower related Wage Credit Scheme (WCS) and Workfare Training Scheme (WTS) Enhancements.

Compared to 2012, more have found Budget 2013 to be useful, at 41% (▲7%). This suggests that the Budget is more in line with the needs on the ground. The many surveys and research done (including those with SBF members) before formulating the policies could have helped aligned the Budget to the needs on the ground. There is a group of SBF members that are not sure if the Budget has been useful (47%). More could be done to engage this group to find out what specific aid they need for their business.

In relation to business cost, 27% of the SBF members have benefited from Budget 2013. Budget 2013 has generally been more effective (▲15%) than Budget 2012 in lowering business costs for SBF members.

Budget 2014 wish list is largely similar to that of Budget 2013 where majority of SBF members are looking for more help to Reduce Business Costs (72%). The focus for SBF members are still on cost and manpower issues. This shows that the SBF business community knows exactly what they would like to receive from the government, better allowing the government to plan and roll out schemes for the longer term. To note, the fact that the most are still looking for help in the areas of reducing business costs and employment/HR would suggest that more could be done to help businesses.

SBF members have generally shared that they would like the government to provide more grants/ incentives/ subsidies to help them address high operational costs and manpower issues. Other than financial help/ incentives, the issue of foreign workers and rental has continued to weigh heavily on the minds of SBF members. Of note is the popularity of the PIC scheme (27%). A significant number of SBF members have indicated that they would like to see the continuation and enhancement of the PIC scheme.

The top 3 issues that SBF members would like to see addressed in Budget 2014 revolve around Rental and manpower issues. High rental (18%) continues to be an issue as in the previous survey. The next budget could look more to cooling measures for the commercial property/ rental market or some form of aid/ support for companies. The issue on foreign workers has constantly been a thorn in recent years. More can be done to show companies that there are other ways to work around the lack of cheaper foreign labour. Programmes/ campaigns to change the mind-set of the local workforce could also help ease the currently tight labour situation.

Fewer SBF members (▼4%) have participated in SBF activities/ used SBF services this year. The top 2 SBF activities that SBF members are making use of are Policy Briefings on Government Regulations (55%) and Briefings on Government & Funding Schemes (49%). This trend indicates that SBF members are looking to SBF as a reliable source to get information and updates on existing/ new government policies.

Satisfaction level towards SBF services has improved. We have observed a 6% increase in SBF members that have feedback that services/ support provided have been satisfactory. The Overall Average Satisfaction score is an indication of SBF members' level of satisfaction with SBF's services and support. The score this year is 4.58 (out of a maximum of 6) over last year's 4.57. If we compare with the survey conducted in 2008, there was a 7% improvement over 2008 score of 4.27.



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# **1. INTRODUCTION**

The survey was conducted in the 4<sup>TH</sup> quarter of 2013, with the objective to study the needs, concerns and forward looking plans of SBF members. Through this survey, SBF seeks to better understand the needs of the Singapore business community and respond accordingly with the most appropriate and relevant support services to help its members meet changing demands and challenges in the year ahead.

DP Info, with its vast experience in data collection and analysis was commissioned by SBF to take on the research partner role where it took the lead in designing the survey questionnaire, collating the responses and analysing the data collected in this survey and comparing with findings in previous years.

The study was conducted through a mail survey. Invitation mailers, together with the survey questionnaire, were disseminated by SBF to its members in the beginning of October 2013. Completed questionnaires were collected and data compiled at the end of November 2013.

## **2. SURVEY OBJECTIVES**

The 2013/14 survey is designed to focus on the following key objectives:

- To understand SBF members' sentiments on the economy and business environment;
- To gain a deeper understanding of the concerns and issues faced both locally and abroad by SBF members;
- To gain insights into their business strategies for 2014, and plans with regards to investment, human resource, financing as well as overseas expansion;
- To gather feedback from members on how Budget 2013 impacted them; and
- To identify areas of assistance required by members and how SBF and the government can play their part to better cater to the needs of SBF members as well as the larger business community.

## **3. RESEARCH DESIGN**

### **3.1. Survey Method**

Invitation mailers, together with the survey questionnaires, were disseminated by SBF to all 19,000 SBF members through mail.

SBF members are largely defined as:

- 1) Statutory Members: Local company which has a paid-up share capital of S\$0.5 million and above; foreign company which has an authorised share capital of S\$0.5 million and above.
- 2) Associate Members: Local Associate Member being a society, sole proprietorship, partnership, association, statutory body, government agency, an unincorporated body in Singapore; Foreign Associate Member being an overseas business or economic organisation which is not a foreign Statutory Member or a Foreign Constituent Member.
- 3) Constituent Members: They are organisations representing the interests and welfare of any business groups or communities. Constituent members have voting rights. There are 2 types of constituent members viz. local and foreign.

### **3.2. Questionnaire Design**

The SBF National Business Survey 2013/2014 Questionnaire was designed to cover the following broad areas:

- SBF member's business performance for 2013
- Business growth and challenges faced by SBF members
- Cost Competitiveness of SBF members
- Financing issues faced by SBF members
- Human resources related issues among SBF members
- Overseas expansion plans – current and future
- SBF members' feedback on the 2013 budget initiatives
- 2014 Budget wish list
- Feedback on SBF services and activities

### **3.3. Survey Respondents**

A total of 1,014 SBF members responded to the survey as compared to 1,006 responses received in the 2012/13 survey.

## 4. CHARACTERISTICS OF RESPONDENTS

As with previous years, *SMEs* have dominated the respondent landscape at 78%.

This year, we saw an increase (▲7%) in the number of *MNCs* participating in the survey to share their views.

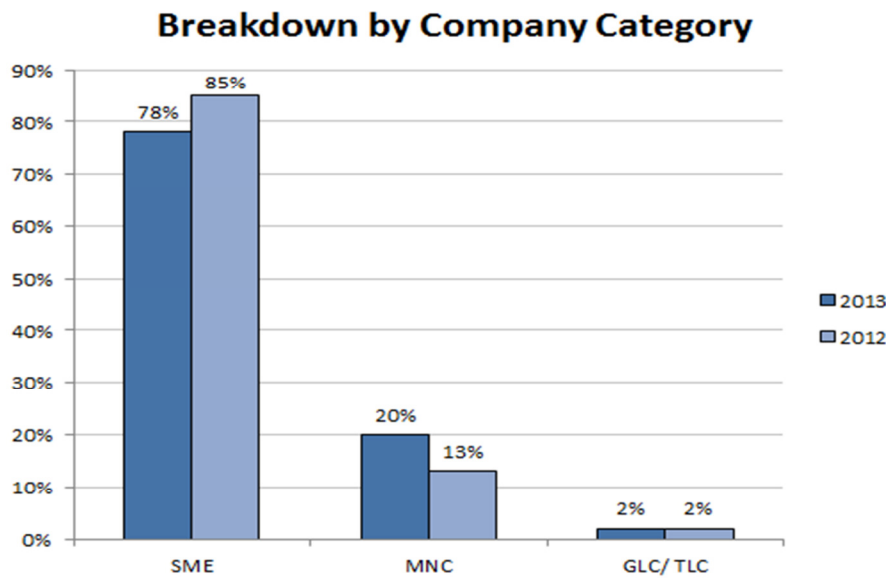


Chart 1: Respondent breakdown by Company Category



Generally, the breakdown of representation by business sector for 2013 has been fairly stable compared to the previous survey, with Services dominating at 27%.

Representation for *Construction, Property & Real Estate* is next at 19% followed by *Trading* and *Manufacturing* at 17% each. This year's survey saw a 3% drop in representation levels for SBF members in both the *Trading* and *Manufacturing* sectors.

Business Sector	2013 Respondents	2012 Respondents
Services	27%	26%
Construction, Property & Real Estate	19%	18%
Trading	17%	20%
Manufacturing	17%	20%
Logistic & Transportation	8%	6%
Oil & Gas	5%	4%
Banking & Insurance	4%	4%
IT	4%	2%
<b>Grand Total</b>	<b>100%</b>	<b>100%</b>

Table 1: Respondent breakdown by Business Sector

Similar to the previous year, majority (65%) are employing not more than 50 staff.

By company category, we observe increases in companies with up to 20 staff amongst both *SMEs* as well as *MNC/GLC/TLCs*. The tighter labour market coupled with the need to reduce costs might have contributed to companies looking to trim their headcounts to make it leaner.

Company Category		Staff Strength					Total
		1 to 20	21 to 50	51 to 100	101 to 300	>300	
SME	2013	47%	24%	13%	13%	3%	100%
	2012	43%	24%	15%	15%	3%	100%
MNC/ GLC/ TLC	2013	28%	18%	14%	20%	20%	100%
	2012	20%	24%	17%	15%	24%	100%
Overall	2013	43%	22%	13%	15%	7%	100%
	2012	40%	23%	15%	15%	7%	100%

Table 2: Distribution of Staff Strength

By business sector, more in *Services* and *Trading* were observed to have up to 20 staff and fewer with more than 100 staff, reflecting that more are employing less headcount. Referring to Table 5, we observe an increase (▲5%) of SBF members in *Services* experiencing zero to negative turnover growth. With fewer growth opportunities, these members will be more likely to scale down and work with fewer headcount. This was similarly seen for members in *Trading* where there was a 5% increase in members in the *Decline* stage.

It was also noted that there was an increase in the number of larger companies (more than 100 staff) participating from the *Banking & Insurance* (▲14%), *Manufacturing* (▲7%), *Construction, Property & Real Estate* (▲5%), and *IT* (▲4%) sectors.

Business Sector		Staff Strength					Total
		1 to 20	21 to 50	51 to 100	101 to 300	>300	
Services	2013	51%	19%	14%	11%	5%	100%
	2012	40%	21%	15%	16%	8%	100%
Construction, Property & Real Estate	2013	24%	23%	13%	27%	13%	100%
	2012	24%	26%	15%	26%	9%	100%
Trading	2013	70%	18%	7%	4%	1%	100%
	2012	64%	23%	8%	4%	1%	100%
Manufacturing	2013	23%	29%	14%	24%	10%	100%
	2012	24%	30%	19%	17%	10%	100%
Logistic & Transportation	2013	41%	16%	19%	13%	11%	100%
	2012	42%	16%	20%	10%	12%	100%
Oil & Gas	2013	54%	22%	7%	12%	5%	100%
	2012	60%	14%	11%	11%	4%	100%
Banking & Insurance	2013	54%	16%	10%	10%	10%	100%
	2012	64%	20%	10%	3%	3%	100%
IT	2013	35%	40%	16%	3%	6%	100%
	2012	52%	24%	19%	5%	0%	100%
Overall	2013	43%	22%	13%	15%	7%	100%
	2012	40%	23%	15%	15%	7%	100%

Table 3: Breakdown of Business Sector by Staff Strength

The overall age profile of SBF members' workforce has generally stayed the same as the previous year.

It is interesting to note that *MNC/GLC/TLCs* are capturing a larger proportion of manpower aged between 30 and 49. People in this age range are generally classified as in their 'prime', with a few years of working experience behind them. *SMEs* on the other hand seem to be hiring more under 30s and older workers (50 and above).

The following are a few possible attributing factors for the above:

- *MNC/GLC/TLCs* have the lure to attract and ability to retain staff both in terms of monetary and non-monetary aspects.
- *SMEs* are less able to attract more experienced staff as they are usually more costly to hire and would prefer to work for a large MNC
- Hiring older workers are less costly as there are schemes like SEC (Special Employment Credits) put in place by the government.

### Age Profile of Employees by Company Category

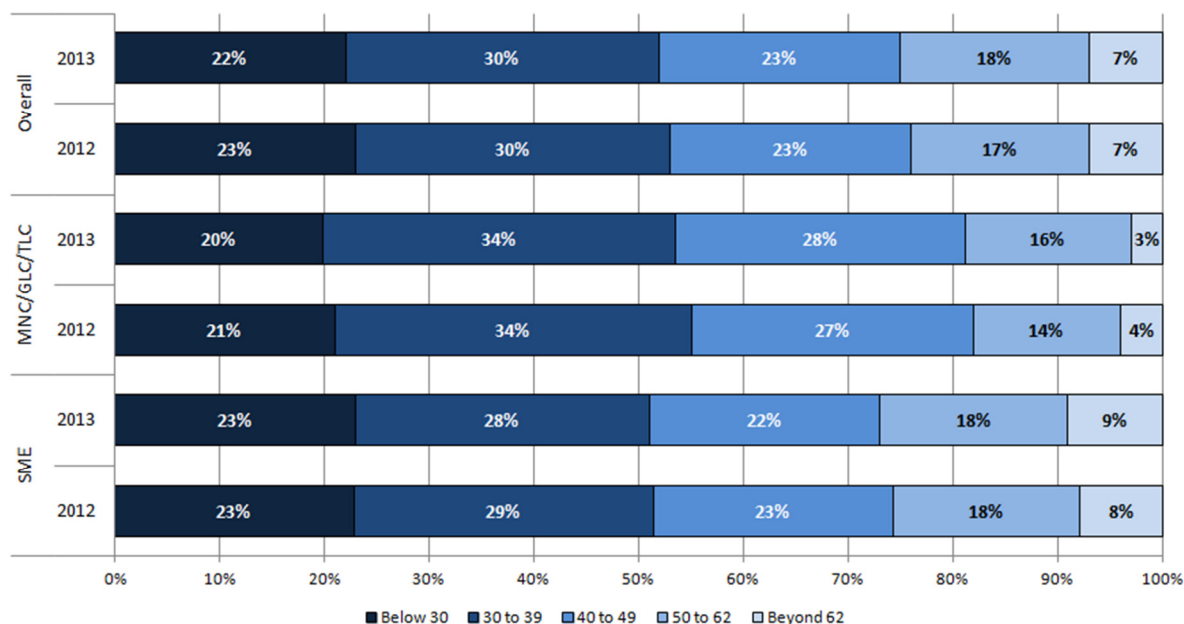
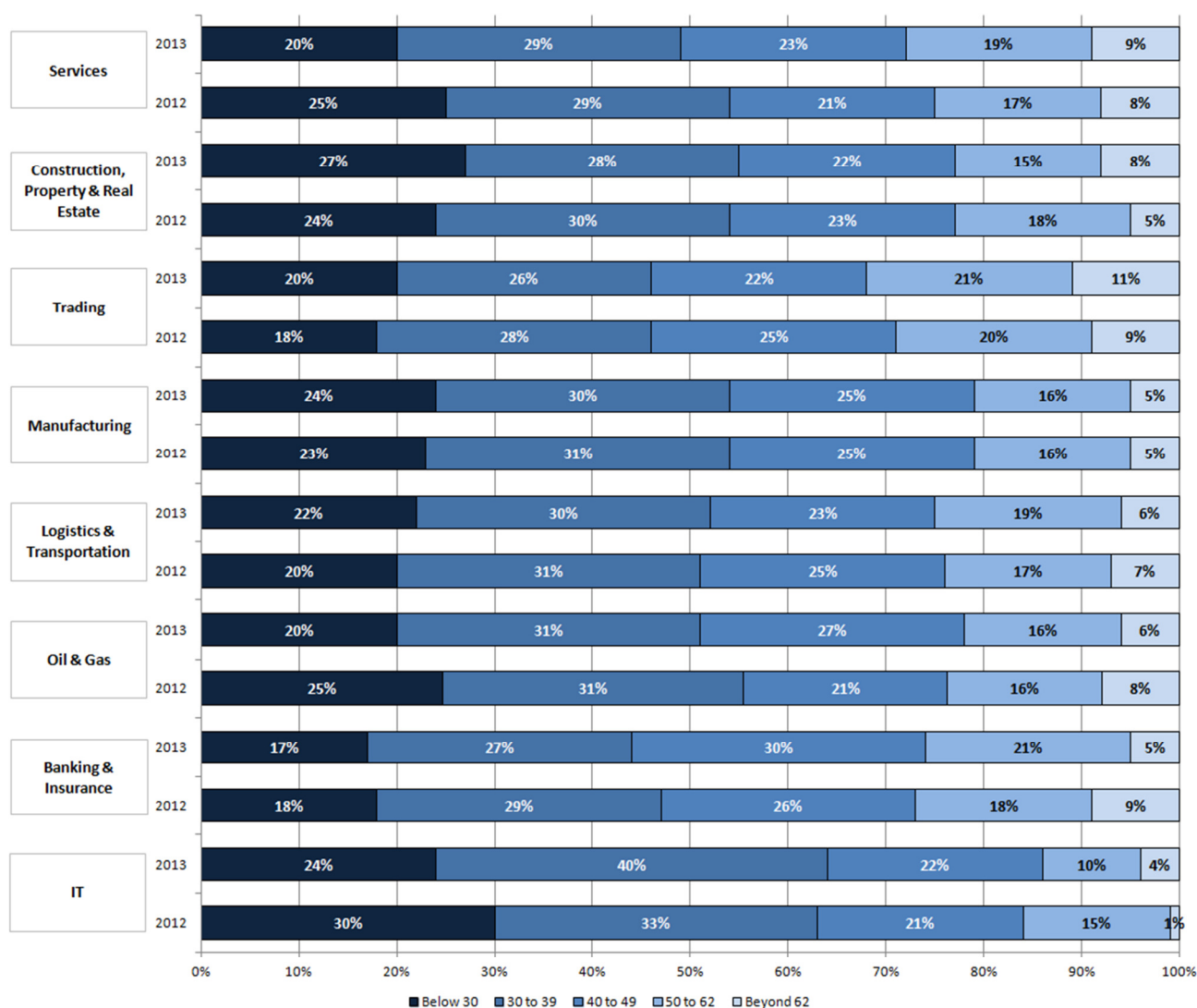


Chart 2: Breakdown of Age Profile of Employees by Company Category

By business sectors, we see that there is a large increase (▲7%) in the hire of workers in the 30 to 39 age group for those in the *IT* sector.

On the other hand, more in the *Banking & Insurance* sector are hiring workers in the 40 to 63 are age group. This is likely due to the need for qualified and experienced manpower.

**Age Profile of Employees by Business Sector**



*Chart 3: Distribution of Business Sector by Age Profile of Employees*

## 5. PERFORMANCE

### 5.1. Current Stage of Development<sup>1</sup>

The overall current stage of development distribution has stayed fairly constant from 2012, with most SBF members (69%) experiencing single digit to zero growth in their turnovers.

SMEs that are SBF members are better capitalised (SBF members have to have at least S\$ 500,000 in paid up capital) than those that responded to the recently concluded SME Development Survey (SMEDS) 2013 Survey. That is why we observe a larger proportion of SMEs in this NBS survey in the Accelerating stage. However, the declining trend over the past years was observed in both surveys.

For MNC/GLC/TLCs, over a 2 year comparison, fewer are able to obtain double digit growth (16% compared to 19% and 28% in 2012 and 2011 respectively). Despite this, this group is doing relatively well, with 48% experiencing Moderate growth.

Stages of Development	SME			MNC/GLC/TLC			Overall		
	2013	2012	2011	2013	2012	2011	2013	2012	2011
<b>Start Up</b>	9%	7%	8%	6%	6%	2%	8%	7%	7%
<b>Accelerating</b>	11%	13%	12%	16%	19%	28%	13%	14%	15%
<b>Moderate</b>	37%	42%	42%	48%	41%	45%	39%	41%	42%
<b>Mature</b>	33%	29%	25%	22%	28%	23%	30%	29%	25%
<b>Decline</b>	10%	9%	13%	8%	6%	2%	10%	9%	11%
<b>Total</b>	100%	100%	100%	100%	100%	100%	100%	100%	100%

*Table 4: Respondents breakdown by Stages of Development*

<sup>1</sup> Stages of Development includes:

- Start-Up: First 3 years of operations
- Accelerating Growth: Turnover growth of more than 10% per annum
- Moderate Growth: Turnover growth of up to 10% per annum
- Mature: Zero turnover growth
- Decline: Negative turnover growth

Looking at stages of development by business sectors, SBF member in *Logistics & Transportation* seem to be doing well with a 22% increase in those experiencing positive turnover growth.

This is followed by those in the *IT* sector, with 8% more indicating that they are experiencing positive growth. More specifically, the *IT* sector is noted to have the largest increase (▲12%) in the proportion of SBF members that are experiencing double digit growth.

On the other end, those in *Banking & Insurance* were observed to have 17% more indicating that they are experiencing zero growth or negative growth. The increase is largely contributed by the 14% increase in *Mature* companies.

Business Sectors	FY	Stages of Development					Total
		Start Up	Accelerating	Moderate	Mature	Decline	
Services	2013	9%	8%	40%	33%	10%	100%
	2012	8%	14%	40%	31%	7%	100%
Construction, Property & Real Estate	2013	5%	16%	39%	33%	7%	100%
	2012	5%	12%	47%	29%	7%	100%
Trading	2013	13%	12%	38%	21%	16%	100%
	2012	6%	16%	41%	26%	11%	100%
Manufacturing	2013	6%	8%	44%	33%	9%	100%
	2012	4%	11%	44%	36%	5%	100%
Logistics & Transportation	2013	7%	17%	45%	24%	8%	100%
	2012	9%	9%	31%	35%	16%	100%
Oil & Gas	2013	14%	20%	33%	27%	6%	100%
	2012	11%	32%	33%	19%	5%	100%
Banking & Insurance	2013	9%	24%	37%	24%	6%	100%
	2012	16%	29%	42%	10%	3%	100%
IT	2013	6%	21%	40%	21%	12%	100%
	2012	13%	9%	44%	17%	17%	100%
Overall	2013	8%	13%	39%	30%	10%	100%
	2012	7%	14%	41%	29%	9%	100%

Table 5: Breakdown of Business Sector by Stages of Development

## 5.2. FY2013 Performance

Based on feedback gathered from the survey, the overall FY2013 sales turnover performance of SBF members have stayed relatively the same as that of FY2012.

It was encouraging that more (▲4%) are generating more than S\$100m in sales turnover. The slight pickup in both the domestic and external markets would have contributed to this slight increase in FY2013 sales turnover for SBF members.

This increase in sales turnover is reflected in the 4% increase in the proportion of *SMEs* that are generating more than S\$50m. *MNC/GLC/TLCs* that are traditionally more engaged in overseas markets have been affected more by lingering uncertainty and the slow recovery in external markets. This is reflected in the 4% drop in those generating more than S\$50m.

Annual Sales Turnover	Company Category				Overall	
	SME		MNC/ GLC/ TLC			
	FY 2013	FY 2012	FY 2013	FY 2012	FY 2013	FY 2012
Up to S\$1m	13%	12%	3%	5%	11%	11%
> S\$1m to S\$5m	24%	25%	5%	6%	20%	22%
> S\$5m to S\$20m	31%	35%	19%	18%	28%	32%
> S\$20m to S\$50m	15%	15%	15%	9%	15%	14%
> S\$50m to S\$100m	9%	6%	10%	16%	9%	8%
> S\$100m	8%	7%	48%	46%	17%	13%
<b>Total</b>	100%	100%	100%	100%	100%	100%

Table 6: Respondents breakdown by Annual Sales Turnover

Overall, it is noted that across most sectors, namely, *Construction, Property & Real Estate, Manufacturing, Logistics & Transportation, Banking & Insurance* and *IT* have seen increases of between 5% and 10% in those generating more than S\$50m.

As seen previously in stage of development, more in the *IT* sector are reporting double digit growth. Reflecting this, we observe more in *IT* (▲15%) are generating more than S\$5m.

Of concern is the significant 13% drop in the proportion of SBF members in the *Oil & Gas* sector that are generating more than S\$50m.

Business Sectors	FY	Annual Sales Turnover						Total
		Up to S\$1m	> S\$1m to S\$5m	> S\$5m to S\$20m	> S\$20m to S\$50m	> S\$50m to S\$100m	> S\$100m	
Services	2013	17%	26%	30%	11%	6%	10%	100%
	2012	16%	27%	31%	9%	7%	10%	100%
Construction, Property & Real Estate	2013	11%	15%	29%	18%	13%	14%	100%
	2012	8%	18%	42%	13%	7%	12%	100%
Trading	2013	10%	20%	28%	12%	10%	20%	100%
	2012	7%	17%	34%	13%	10%	19%	100%
Manufacturing	2013	4%	18%	29%	21%	7%	21%	100%
	2012	4%	22%	30%	21%	11%	12%	100%
Logistics & Transportation	2013	9%	15%	27%	15%	13%	21%	100%
	2012	7%	21%	29%	17%	9%	17%	100%
Oil & Gas	2013	5%	14%	14%	31%	7%	29%	100%
	2012	-	18%	18%	15%	18%	31%	100%
Banking & Insurance	2013	22%	13%	16%	19%	6%	24%	100%
	2012	27%	10%	30%	13%	-	20%	100%
IT	2013	9%	33%	37%	12%	3%	6%	100%
	2012	17%	40%	30%	9%	-	4%	100%
Overall	2013	11%	20%	28%	15%	9%	17%	100%
	2012	11%	22%	32%	14%	8%	13%	100%

Table 7: Breakdown of Business Sector by Annual Sales Turnover



This year, we note a slight shift in SBF members generating more profit (▲2% for those with more than S\$1m).

*SMEs'* net profit performance has stayed fairly unchanged from the previous survey. *MNC/GLC/TLCs* however were observed to have a higher proportion of SBF members that are loss making (▲5%). Despite being able to leverage on economies of scale, business costs are rising faster than they can alleviate it. This suggests that *MNC/GLC/TLCs* might not be nimble enough to react to these changes.

Company Category	FY	Net Profit After Tax					Total
		Losses	Up to S\$1m	> S\$1m to S\$3m	> S\$3m to S\$5m	> S\$5m	
SME	2013	16%	55%	15%	5%	9%	100%
	2012	15%	57%	15%	5%	8%	100%
MNC/GLC/TLC	2013	15%	19%	18%	7%	41%	100%
	2012	10%	22%	7%	11%	50%	100%
Overall	2013	16%	47%	15%	6%	16%	100%
	2012	15%	50%	13%	6%	16%	100%

Table 8: Respondents breakdown by Net Profit After Tax

By business sector, those in *IT* (▲12%), *Trading* (▲5%), *Construction* (▲4%) and *Oil & Gas* (▲4%) saw more SBF members making losses.

For *IT* and *Construction, Property & Real Estate*, the recent changes in manpower policy might have contributed more to the increasingly high cost of doing business, hence affecting the bottom lines of SBF members in these sectors.

On a brighter note, those in *Logistics & Transportation* (▼5%) and *Banking & Insurance* (▼3%) saw fewer SBF members making losses.

Business Sector	FY	Net Profit After Tax					Total
		Losses	Up to S\$1m	>S\$1m to S\$3m	>S\$3m to S\$5m	>S\$5m	
Services	2013	18%	50%	16%	3%	13%	100%
	2012	19%	48%	13%	4%	16%	100%
Construction, Property & Real Estate	2013	13%	46%	12%	7%	22%	100%
	2012	9%	54%	15%	5%	17%	100%
Trading	2013	18%	56%	14%	3%	9%	100%
	2012	13%	56%	13%	7%	11%	100%
Manufacturing	2013	15%	47%	15%	7%	16%	100%
	2012	14%	48%	14%	8%	16%	100%
Logistics & Transportation	2013	20%	39%	24%	7%	10%	100%
	2012	25%	45%	7%	4%	19%	100%
Oil & Gas	2013	13%	34%	15%	8%	30%	100%
	2012	9%	37%	18%	12%	24%	100%
Banking & Insurance	2013	14%	24%	10%	14%	38%	100%
	2012	17%	20%	13%	13%	37%	100%
IT	2013	25%	44%	16%	9%	6%	100%
	2012	13%	74%	0%	9%	4%	100%
Overall	2013	16%	47%	15%	6%	16%	100%
	2012	15%	50%	13%	6%	16%	100%

Table 9: Breakdown of Business Sector by Net Profit After Tax

Feedback from the survey has indicated that almost half (46%) of SBF members are either uncertain on how they are affected by the current global economic climate or they are generally unaffected by the situation. This is more so for *SMEs* (48%) than *MNC/GLC/TLC* (39%).

More than a third of SBF members (37%) have indicated that they are negatively affected by the current climate.

*MNC/GLC/TLCs* are more (21%) positively impacted in the current economic situation compared to their *SME* counterparts (16%).

Company Category	Impact of Current Climate of Global Economy			Total
	Positive	Negative	Not Sure/ No Change	
<b>SME</b>	16%	36%	48%	100%
<b>MNC/GLC/TLC</b>	21%	39%	39%	100%
<b>Overall</b>	17%	37%	46%	100%

*Table 10: Impact of Current Climate of Global Economy by Company Category*

By business sector, those in *Trading* (50%) are the most negatively affected by the current economic situation. This is followed by *Banking & Insurance* (44%) and *Logistics & Transportation* (43%).

On the flip side, SBF members in *Oil & Gas* are most (35%) positively impacted by the current situation.

More in the *Banking & Insurance* sector are clearer about how the current economic climate is affecting their business. This is seen in the sector seeing the lowest proportion (32%) of members that are not sure or don't feel a change about the impact.

Business Sector	Impact of Current Climate of Global Economy			Total
	Positive	Negative	Not Sure/ No Change	
<b>Services</b>	21%	31%	48%	100%
<b>Construction, Property &amp; Real Estate</b>	14%	31%	55%	100%
<b>Trading</b>	10%	50%	40%	100%
<b>Manufacturing</b>	14%	39%	47%	100%
<b>Logistic &amp; Transportation</b>	18%	43%	39%	100%
<b>Oil &amp; Gas</b>	35%	27%	38%	100%
<b>Banking &amp; Insurance</b>	24%	44%	32%	100%
<b>IT</b>	18%	39%	43%	100%
<b>Overall</b>	17%	37%	46%	100%

*Table 11: Impact of Current Climate of Global Economy by Business Sector*

## 5.3. Business Outlook for 2014

### 5.3.1. Confidence Level

Further stabilisation in markets in the Eurozone as well as the market expansion of the US market has helped in boosting confidence in the global economy. It was also reported that Singapore is expected to grow by 3.5% to 4% for the whole of 2013 and by 2% to 4% in 2014.

This is reflected by more members (58%) being optimistic.

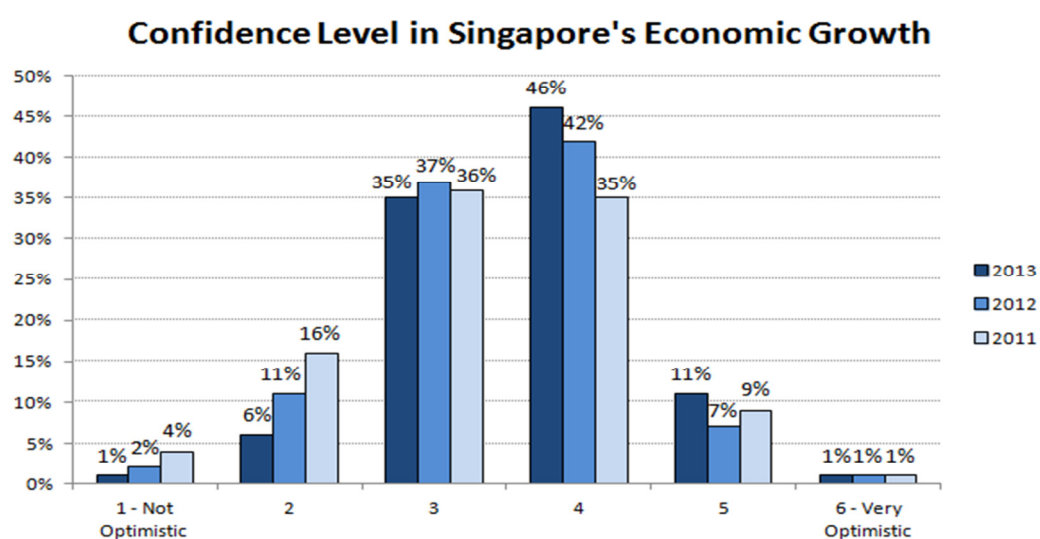


Chart 4: Distribution of Confidence Level in Singapore's Economic Growth

### 5.3.2. Expected Performance in 2014

Overall, slightly more than half (54%) of *SMEs* are expecting to be profitable next year, similar to the feedback gathered in the 2012 survey.

The improvement/ recovery in the external market have likely been cancelled out by the continual rise in business costs.

As with the previous year, we observe that *MNC/GLC/TLCs* are more positive than their *SME* counterparts (65% vs. 52%).

We also note that more *SMEs* (40%) are unsure of their profitability in the next year as compared to *MNC/GLC/TLCs*.

Company Category		Profitability in the Next Year			Total
		Yes	Not Sure	No	
<b>SME</b>	2013	52%	40%	8%	92%
	2012	51%	41%	8%	92%
<b>MNC/GLC/TLC</b>	2013	65%	31%	4%	96%
	2012	66%	26%	8%	92%
<b>Overall</b>	<b>2013</b>	<b>54%</b>	<b>38%</b>	<b>8%</b>	<b>92%</b>
	<b>2012</b>	<b>53%</b>	<b>39%</b>	<b>8%</b>	<b>92%</b>

*Table 12: Respondents breakdown by Profitability in 2014 by Company Category*

SBF members in *Logistics & Transportation* (▲10%) and *Banking & Insurance* (▲7%) both saw increases in those who expect to be profitable in 2014.

For members in these sectors, expectation that the broader economy is looking to improve further has likely boosted the profitability expectations of members in these sectors. Companies in these sectors are also less labour intensive; hence they are affected by cost rises to a lesser extent.

SBF members in *Oil & Gas* and *Services* have a less positive outlook on their profitability in 2014, with 8% and 4% increase respectively for those indicating that they would not be profitable in the next year.

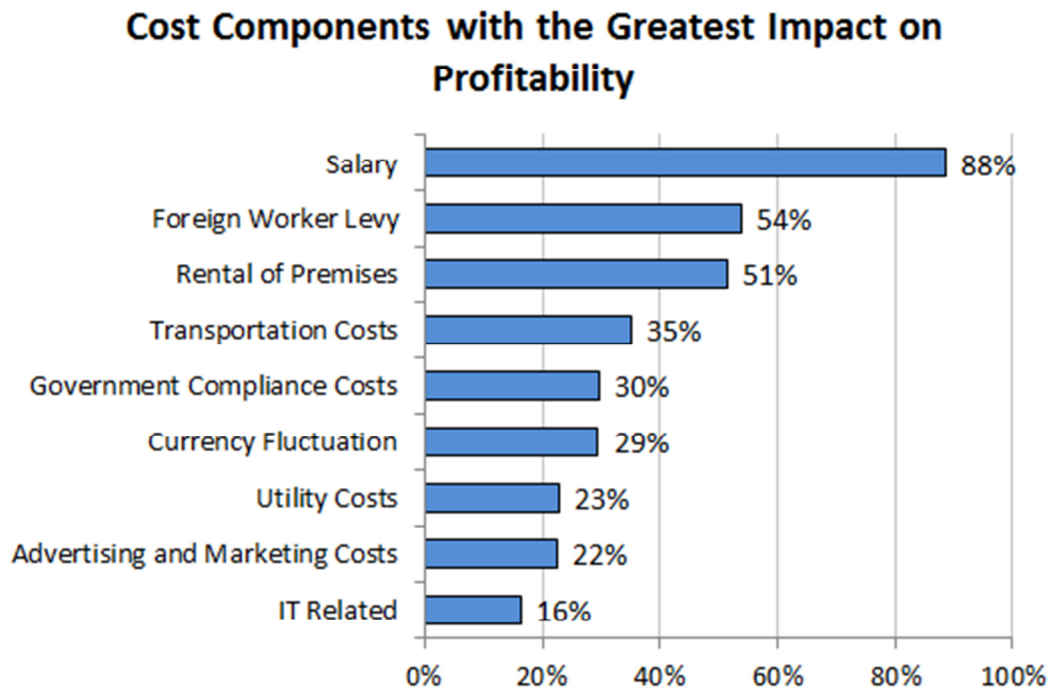
Despite a more positive outlook on the economy next year, the increase in the number of members indicating that they will not be profitable next year could be due to the extent of cost rises.

Business Sectors		Business will be Profitable in 2014			Total
		Yes	Not Sure	No	
Services	2013	53%	36%	11%	100%
	2012	53%	40%	7%	100%
Construction, Property & Real Estate	2013	49%	47%	4%	100%
	2012	47%	49%	4%	100%
Trading	2013	51%	42%	7%	100%
	2012	56%	36%	8%	100%
Manufacturing	2013	59%	33%	8%	100%
	2012	55%	37%	9%	100%
Logistics & Transportation	2013	56%	39%	5%	100%
	2012	46%	41%	14%	100%
Oil & Gas	2013	58%	34%	8%	100%
	2012	67%	33%	0%	100%
Banking & Insurance	2013	63%	31%	6%	100%
	2012	56%	28%	17%	100%
IT	2013	56%	31%	13%	100%
	2012	66%	21%	13%	100%
Overall	2013	54%	38%	8%	100%
	2012	53%	39%	8%	100%

Table 13: Breakdown of Business Sector by Profitability in 2014

For majority of SBF members, *Salary* is the cost component that has the greatest impact on their profitability. This is followed by Foreign Worker Levy (54%). The tightening of the manpower supply has driven the cost of labour up.

As seen in Cost Related Issues (Chart 6), High Rental Costs (50%) was listed as the second most commonly faced issue for SBF members. Here we see the Rental of Premises within the top 3 impacting cost components. This suggests the severity of high rental costs on the profitability of SBF members.



*Chart 5: Respondents breakdown by Cost Components with the Greatest Impact on Profitability*

## 6. BUSINESS CHALLENGES

### 6.1. Business Challenges in the next 6-12 months

*High Labour Costs* (73%) and *Uncertain Economic Environment* (56%) continues to makes up the top 3 challenges SBF members see themselves facing in the next 6 to 12 months. It is, however, good to note that fewer are citing the above challenges as one of their top challenges. Other than the external economy calming, this suggests that SBF members might have managed to work around these challenges.

A new entrant to the top 3 challenges list this year is the issue of *Increasing Competition* (64%). SBF members are feeling the heat from increasingly keener competition both domestically as well as externally. Rather than being a source of concern, increasing competition is a good sign that there is more business activity in the economy, hence leading to more business opportunities.

<b>Top 3 Challenges</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
<b>Top 1</b>	High Labour Costs (73%)	High labour costs (79%)	High labour costs (79%)	High labour costs (75%)
<b>Top 2</b>	Increasing Competition (64%)	Uncertain economic environment (73%)	Uncertain economic environment (69%)	Increasing competition in area of sales (72%)
<b>Top 3</b>	Uncertain Economic Environment (56%)	Slow growth in sales (67%)	Increasing competition in area of sales (61%)	Increasing competition in other areas (60%)

Table 14: Top 3 Challenges



### 6.1.1. Sales Related Challenges

When asked about their sales related challenges, SBF members have feedback that more are affected by the increasing competition (70%) faced both domestically as well as externally. This came up as the top sales related issue this year, outpacing *Slow Growth in Sales* (56%).

Other than the issues of increasing competition, fewer SBF members have responded that they are facing issues with *Slow Growth in Sales* (▼11%), *Delay in Payment* (▼3%), *Delays in Projects* (▼4%), *Lack of Access to New Business Opportunities* (▼3%) and *Exports being less competitive due to a stronger SGD* (▼4%).

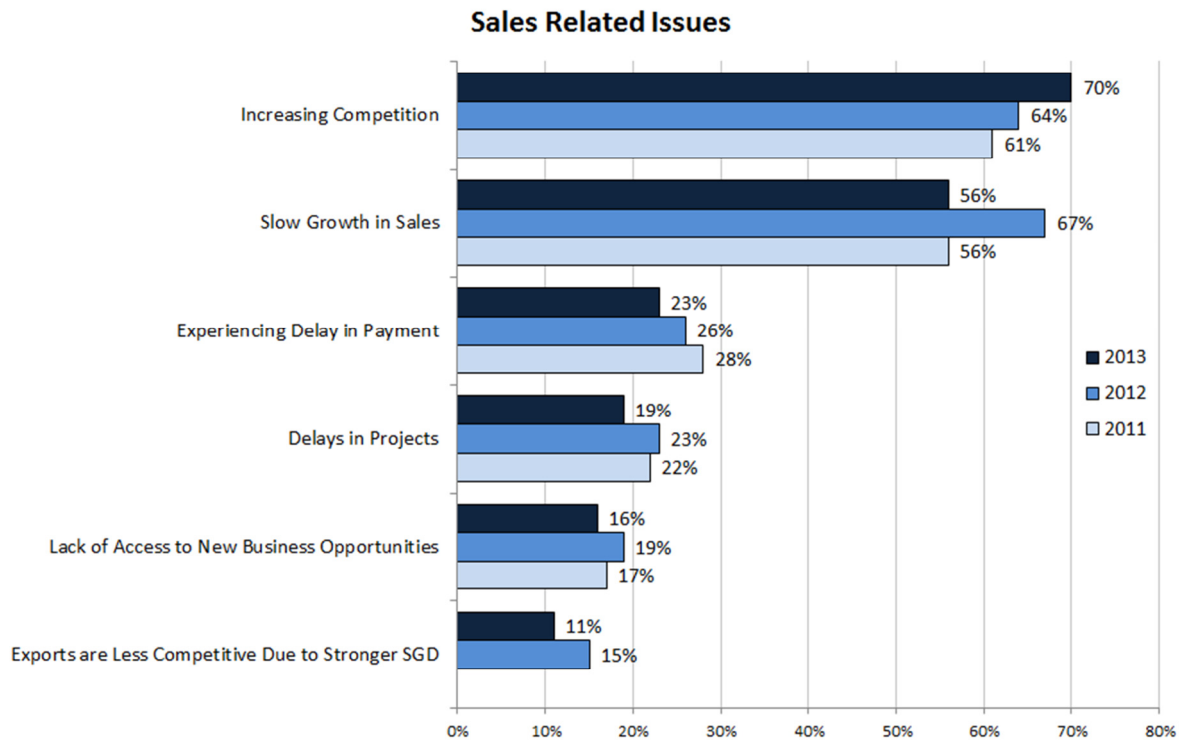


Chart 6: Respondents distribution by Sales Related Issues

### 6.1.2. Cost Related Challenges

*High Labour Costs* (81%) has come out as the most common cost related issue for SBF members. This observation comes unsurprising as the recent changes to government policies with regards to foreign workers, coupled with a tighter labour market take effect.

*High Rental Costs* (50%) has stayed relatively the same, even as the government introduces cooling measures for the industrial property market (e.g. Seller's Stamp Duty). This suggests that more needs to be done to help businesses cope with the rising rental costs.

The stronger Singapore Dollar (SGD) seems to have helped some SBF members lower the costs of procuring materials, more so for those who are importing the materials that they require.

Lower oil prices (▼7%) has indirectly also helped in lowering the number of SBF members that are affected by *High Transport Prices* (▼4%)

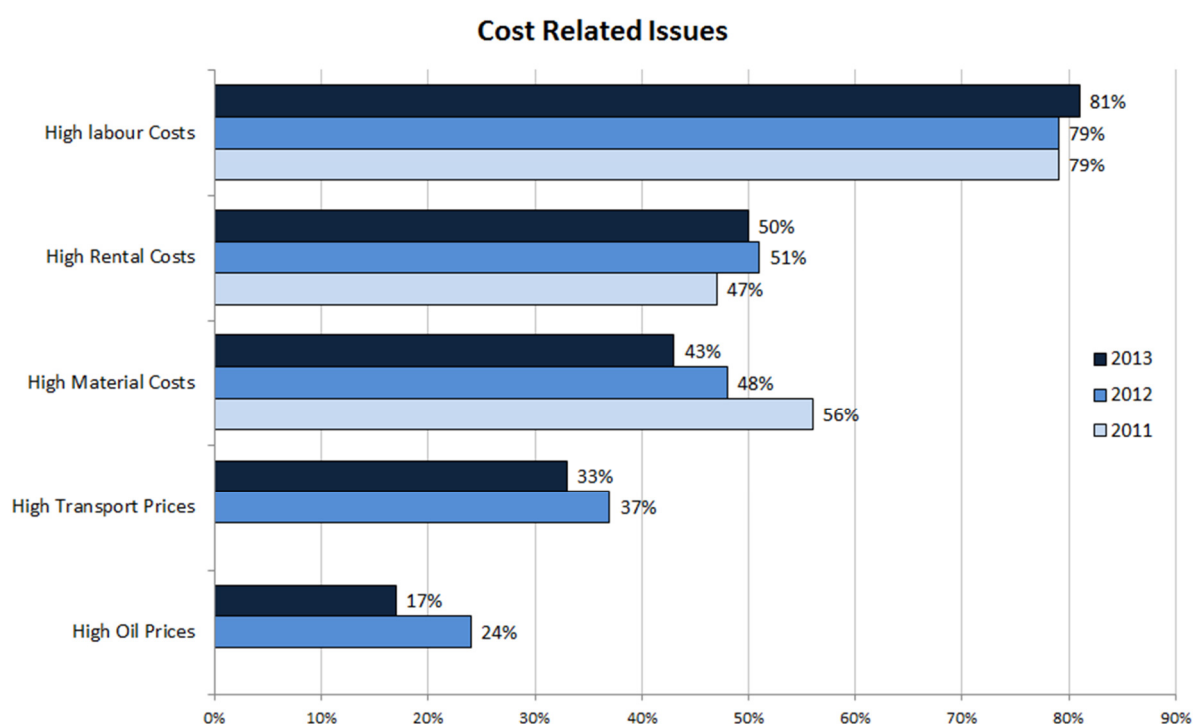


Chart 7: Respondents distribution by Cost Related Issues

**6.1.2.1. Plans to address Rental Issues**

Examining by business sector, those in the *Banking/ Insurance* are the most affected by higher rental costs (85%).

Sectors which have seen an increase in the proportion of SBF members that are affected by the higher rental costs are *IT* (▲14%), *Oil & Gas* (▲8%), *Banking/ Insurance* (▲5%) and *Logistic & Transportations* (▲4%).

Business Sector	Affected by Higher Rental Costs	
	2013	2012
Services	72%	71%
Construction, Property & Real Estate	69%	71%
Trading	67%	72%
Manufacturing	76%	75%
Logistic & Transportation	70%	66%
Oil & Gas	66%	58%
Banking/ Insurance	85%	80%
IT	79%	65%
<b>Overall</b>	<b>72%</b>	<b>71%</b>

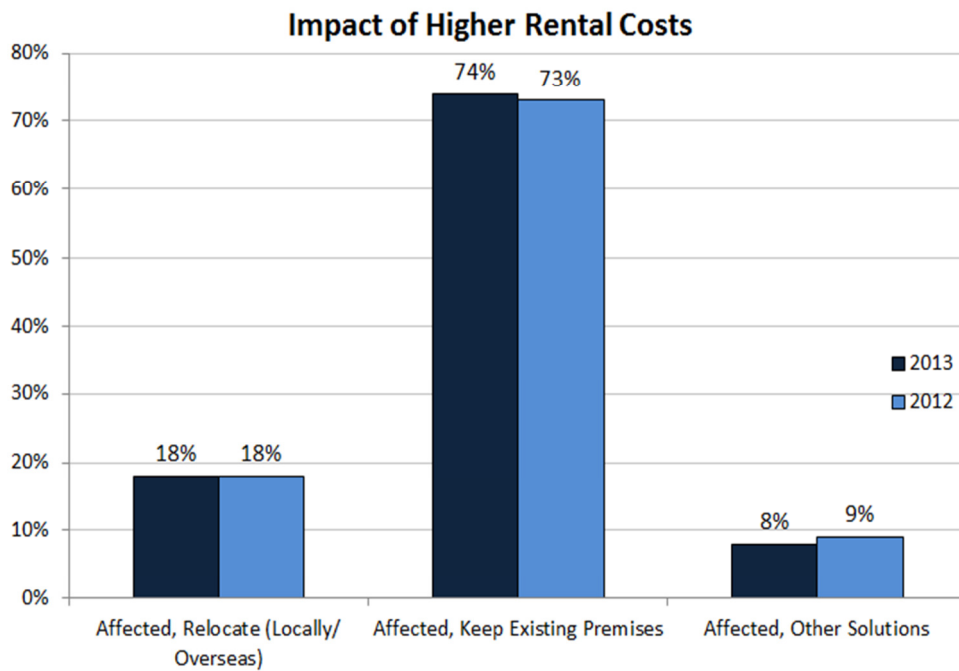
*Table 15: Distribution of Business Sector by those affected by Higher Rental Costs*

As with observations in the previous year, a majority 72% of SBF members have indicated that higher rental costs has contributed significantly to rising business costs.

Of these 72% that are affected, 74% will be keeping their existing premises.

This could be due to 4 possible reasons:

- The cost of relocating to another location outweighs the cost of staying in the current premise
- They are unable to find a new premise
- They are unable to purchase their own premise
- They are currently in a long term leasing contract and are unable to break contract



*Chart 8: Respondents breakdown of Impact of Higher Rental Costs*

By business sector, we see the largest increase in *Logistics & Transportation* (▲15%) that are looking to keep their existing premises. This is followed by SBF members in *Oil & Gas* (▲9%) and *Banking & Insurance* (▲7%).

Companies in the above 3 sectors are generally larger and their nature of business would require them to be at a particular location. They would also have more technology and installations in their current premises.

More SBF members in *Construction, Property & Real Estate* (▲13%) and *Trading* (▲8%) will be looking to relocate locally/overseas. Companies in these sectors on the other hand are more able to move around. For *Construction, Property & Real Estate*, other than higher rental costs, the lack of cheaper available manpower is also another push factor for them to either relocate locally or relocate overseas.

Business Sector		Impact of Higher Rental Costs				
		Keep Existing Premises	Relocate Locally	Relocate Overseas	Other Solutions	Total
Services	2013	77%	12%	1%	10%	100%
	2012	72%	18%	2%	8%	100%
Construction, Property & Real Estate	2013	66%	19%	4%	10%	100%
	2012	77%	10%	-	13%	100%
Trading	2013	72%	16%	6%	7%	100%
	2012	76%	13%	1%	10%	100%
Manufacturing	2013	74%	7%	6%	13%	100%
	2012	70%	13%	8%	9%	100%
Logistic & Transportation	2013	76%	18%	2%	4%	100%
	2012	61%	18%	8%	13%	100%
Oil & Gas	2013	71%	19%	3%	6%	100%
	2012	62%	30%	4%	4%	100%
Banking & Insurance	2013	82%	14%	-	4%	100%
	2012	75%	18%	-	7%	100%
IT	2013	67%	33%	-	-	100%
	2012	67%	33%	-	-	100%
Overall	2013	74%	15%	3%	8%	100%
	2012	73%	15%	3%	9%	100%

Table 16: Distribution of Business Sector by Impact of Higher Rental Costs

### 6.1.2.2. Cost Competitiveness

98% of SBF members have shared that their total operating expenses have increased. This is similar to the observations gained in the previous year's survey.

With a general backdrop of rising costs in the current business environment, this result is unsurprising.

Total Operating Expenses Changes	2013	2012	2011
Decrease	1%	2%	-
Not much change	1%	2%	22%
Increase	98%	96%	78%

Table 17: Respondents breakdown of Total Operating Expenses Changes

Of those that have seen increases in their total operating expenses, most (90%) have shared that the increase was up to 30%.

Unlike their smaller counterparts, *MNC/GLC/TLCs* are slightly better able to manage the increase in total operating cost. More than half (58%) have seen increase of up to 10%.

Company Category		Increase in total operating expenses				Total
		Up to 10%	> 10% - 30%	> 30% - 50%	> 50%	
SME	2013	43%	47%	8%	2%	100%
	2012	39%	51%	8%	2%	100%
MNC/GLC/TLC	2013	58%	34%	6%	2%	100%
	2012	59%	35%	4%	2%	100%
Overall	2013	46%	44%	8%	2%	100%
	2012	41%	50%	7%	2%	100%

Table 18: Distribution of Company Category by increase in total operating expenses

By business sector, more in the Service sector seem to be able to manage their cost increase. Services saw a 12% increase in those that had operating expenses increase by up to 10%. This would suggest that SBF members in Services have better cost control.

On the other hand, more in Logistic & Transportation saw a 19% increase in SBF members that have indicated an increase of more than 10% to 50% in total operating expenses. Unlike other sectors, operating cost factors for companies in this sector are more exposed to external factors (e.g. Oil prices)

The IT sector is a unique case where results have been observed to be bipolar. On one hand, there has been an increase in SBF members that are experiencing cost increases of up to 10% (▲11%) and on the other a 9% increase in those that are seeing their costs increase by more than 30%.

Business Sector		Increase in total operating expenses				Total
		Up to 10%	> 10% - 30%	> 30% - 50%	> 50%	
Services	2013	50%	43%	6%	1%	100%
	2012	38%	52%	8%	1%	100%
Construction, Property & Real Estate	2013	36%	49%	13%	2%	100%
	2012	31%	54%	10%	5%	100%
Trading	2013	51%	42%	6%	1%	100%
	2012	47%	47%	5%	1%	100%
Manufacturing	2013	49%	45%	5%	1%	100%
	2012	40%	52%	6%	2%	100%
Logistic & Transportation	2013	44%	47%	8%	1%	100%
	2012	62%	32%	4%	2%	100%
Oil & Gas	2013	48%	39%	9%	4%	100%
	2012	42%	44%	8%	6%	100%
Banking & Insurance	2013	49%	45%	6%	0%	100%
	2012	48%	41%	7%	3%	100%
IT	2013	47%	44%	6%	3%	100%
	2012	36%	64%	0%	0%	100%
Overall	2013	46%	44%	8%	2%	100%
	2012	41%	50%	7%	2%	100%

Table 19: Distribution of Business sector by Increase in total operating expenses

### 6.1.3. Financing Issues

Fewer SBF members are facing the problem of *Tightening Credit Access from Suppliers* (▼8%).

However, more are facing the issues of more expensive bank loans (▲7%) and the need for more collateral for the same financing (▲3%).

Over 3 years, Financial Institutions have been increasing the cost of borrowing as well as the amount of collateral that is required.

Given the past few years of uncertainty as well as bad experiences (e.g. Credit crunch, Melt down of Greece, etc.), financial institutions though willing to lend are being more cautious and asking for a higher pay out for the risk that they are taking.

Of note is the one fifth of SBF respondents that have been *Unable to Renew/ Obtain New Financing* in the past 3 years. SBF might want to team up with financial institutions to try and help this group.

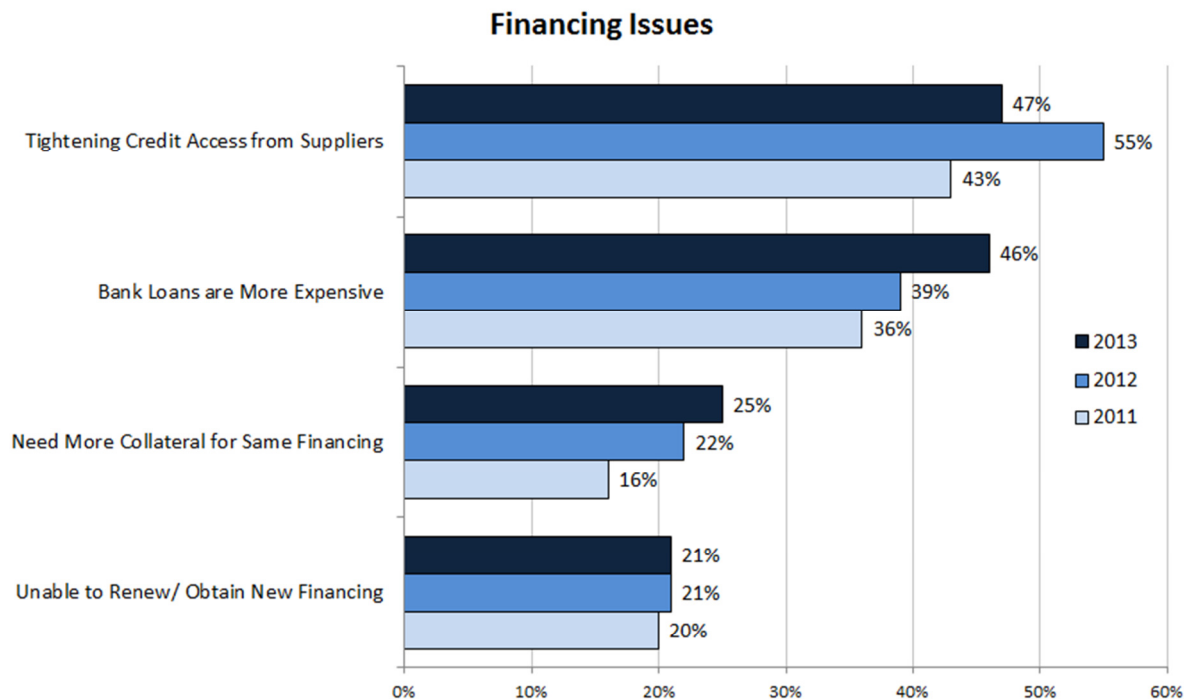


Chart 9: Respondents breakdown by Financing Issues



### 6.1.4. General Issues

Though *Uncertain Economic Environment* (60%) has continued to remain the top general issue for SBF members, there has been a significant 13% drop in those who have feedback as such.

In fact, other than issues regarding manpower, all options have seen a decrease in the proportion of SBF members indicating the options as an issue.

With the recent policy changes and tight labour market, there was a 4% increase in those who have shared that they are facing foreign staff issues.

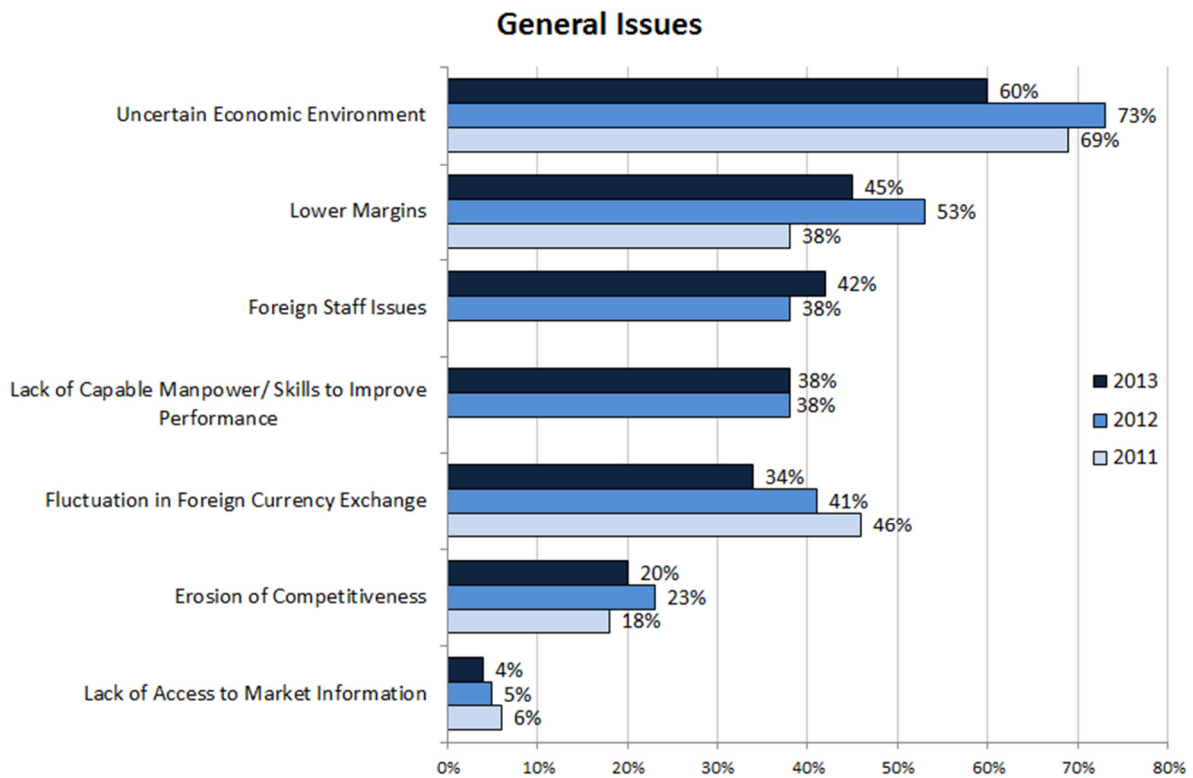


Chart 10: Respondents breakdown by General Issues

## 7. BUSINESS PLANS AND STRATEGIES

### 7.1. Strategies for 2014

The top 3 strategies for 2014 have stayed the same to those indicated in the 2012 survey. More SBF members will be looking to increase cost efficiency (74%), offer new products/ services (55%) and source for cheaper raw materials/ final products (43%).

The recent further tightening restriction on the employment of foreign workers coupled with the ever tightening labour market has led more SBF members (▲7%) to be on the lookout for new hires moving in 2014.

With many businesses facing rising costs, we note that increasingly (▲4%) there is a group of SBF members that are looking to relocate out of Singapore. In 2014, 1 in 10 are seeking to move operations out of Singapore.

Encouragingly, we note an increasing number of SBF members (37%) looking beyond Singapore to seize new business opportunities via overseas expansion.

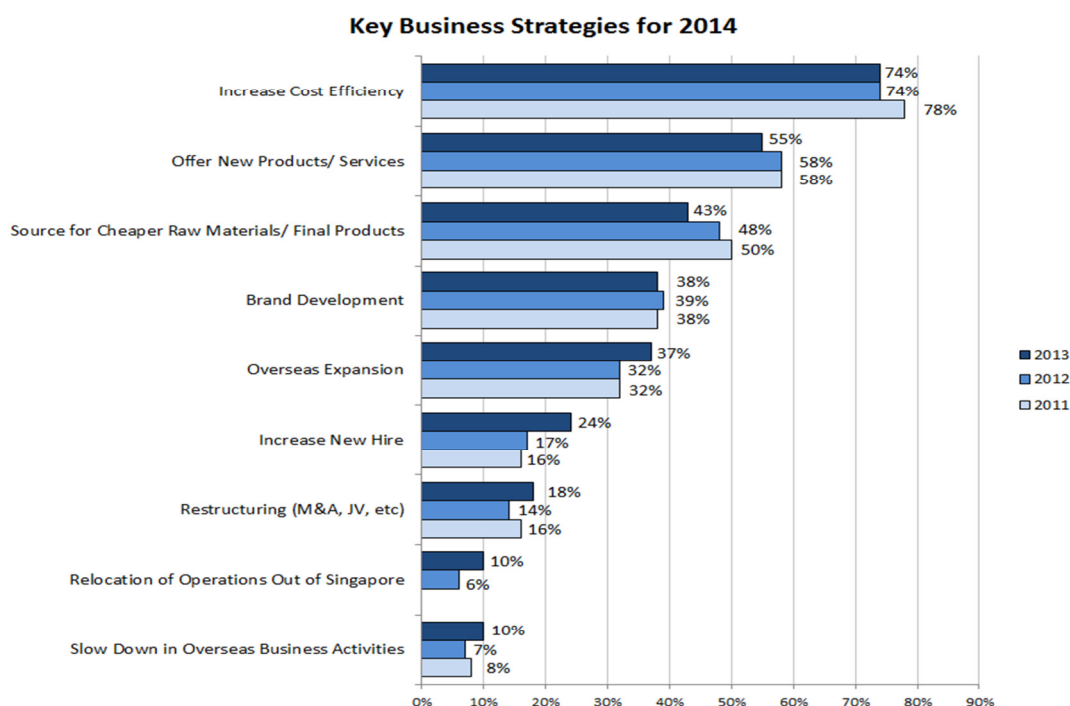


Chart 11: Respondents breakdown by Key Business Strategies for 2013

## 7.2 Investment Plans

Amongst SBF members, plans to increase investment in the coming year have stayed relatively unchanged. 69% have indicated plans to increase investments in 2014.

Looking by business sectors, more in *Trading* (▲6%) and *Manufacturing* (▲3%) will be looking to increase their investments.

We have observed a drop in the proportion of SBF members that will be doing so in the *Oil & Gas* (▼10%), *IT* (▼6%) and *Logistics & Transportation* (▼3%) sector.

Business Sectors		Plan to Increase Investment in 2014		Total
		Yes	No	
Services	2013	68%	32%	100%
	2012	69%	31%	100%
Construction, Property & Real Estate	2013	71%	29%	100%
	2012	69%	31%	100%
Trading	2013	63%	37%	100%
	2012	57%	43%	100%
Manufacturing	2013	76%	24%	100%
	2012	73%	27%	100%
Logistics & Transportation	2013	70%	30%	100%
	2012	73%	21%	100%
Oil & Gas	2013	64%	36%	100%
	2012	74%	26%	100%
Banking & Insurance	2013	71%	29%	100%
	2012	72%	28%	100%
IT	2013	71%	29%	100%
	2012	77%	23%	100%
Overall	2013	69%	31%	100%
	2012	68%	32%	100%

Table 20: Distribution of Business Sector by Plan to Increase Investment in 2013

For those looking to increase investments in 2014, they will be investing mainly in the areas of *IT Infrastructure* (54%), *Upgrading Employees* (44%) and *Machinery & Equipment* (42%)

This could be partly attributed to the government schemes introduced in Budget 2013, i.e. PIC Bonus and Enhancements.

SBF members are continuing to invest in order to make up for the lack of manpower available as well as rising operational costs.

**Areas of Investment**

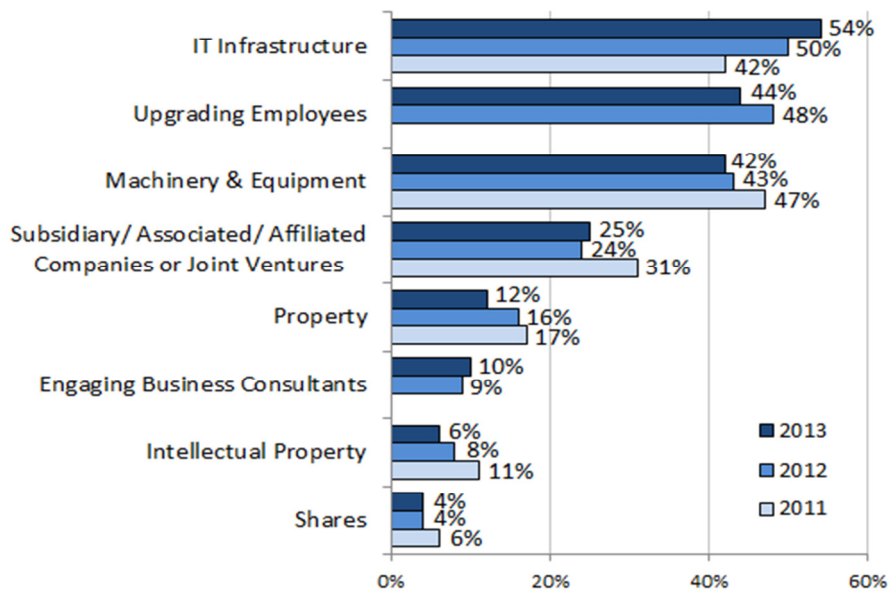


Chart 12: Respondents breakdown by Area of Investments

## 8. OVERSEAS EXPANSION

### 8.1. Overseas Presence

With keener competition domestically, more SBF members have looked overseas for business opportunities. This year's survey saw a 4% increase in the number of members that have an overseas presence.

As with previous years, more *MNC/GLC/TLCs* have an overseas presence as compared to their *SME* counterparts. This could be due to the availability of extra resources to plan and execute business dealings in the overseas markets for *MNC/GLC/TLCs*.

Company Category	Overseas Presence	
	2013	2012
<b>SME</b>	58%	57%
<b>MNC/GLC/TLC</b>	75%	69%
<b>Overall</b>	62%	58%

*Table 21: Distribution of Company Category by Overseas Presence*

By sector, all sectors, excluding *Construction, Property & Real Estate* have seen an increase in the proportion of SBF members that have an overseas presence. It could be the case that more in *Construction, Property & Real Estate* are unaware/ uninformed of how to go about expanding overseas or that they lack the required skill sets that allow them to take on foreign projects.

SBF should help members in this sector to look for opportunities to expand overseas as projects in the domestic market slow down.

The largest increase came from those in the *Services* (▲10%) and *IT* (▲10%) sector. The nature of business in these two sectors makes it somewhat easier for companies to bring their services overseas.

The sector with the most members that have overseas engagement is *Oil & Gas* at 82%. This is likely due to the nature of their business.

### Overseas Presence by Business Sector

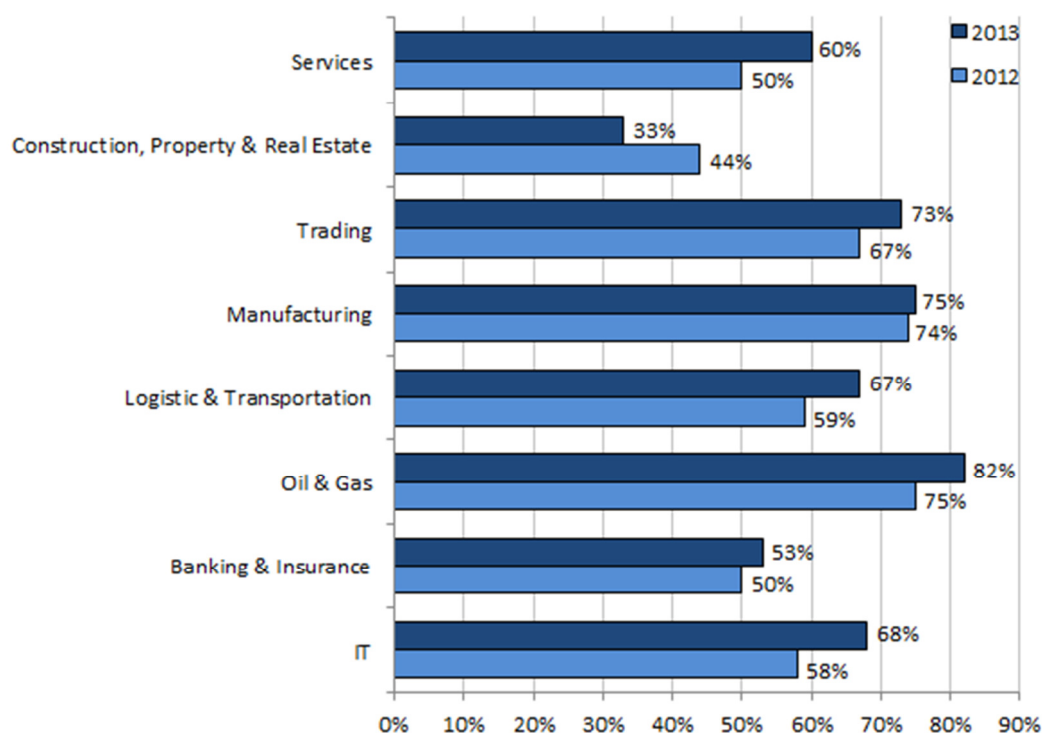


Chart 13: Distribution of Business sector by Overseas Presence

As with previous surveys done, *Asia* remains the most popular region amongst SBF members (96%). The relative geographical closeness, culture similarities as well as availability of business opportunities have contributed to the result.

SBF members that have overseas presence in *Middle East* have fallen slightly to 18% this year. Economic slowdown in countries in the region coupled with pockets of political instability has led some to reconsider their overseas strategy in the *Middle East*.

<b>Overseas Presence by Region</b>	<b>2013</b>	<b>2012</b>	<b>2010</b>
Asia	96%	94%	92%
Europe	22%	22%	21%
Americas	20%	21%	18%
Middle East	18%	21%	21%
Oceania	12%	14%	12%
Africa	9%	10%	11%

*Table 22: Respondents breakdown of Overseas Presence (Region)*

Across all sectors, Asia remains the choice destination for overseas ventures.

It was observed that some sectors saw a slight pull back in their Asia presence. Namely, *IT* (▼13%), *Logistics & Transportation* (▼8%), *Manufacturing* (▼5%), *Banking & Insurance* (▼5%) and *Oil & Gas* (▼4%)

Outside *Asia*, *Europe* is popular with SBF members in *Logistics & Transportation* as well as *Banking & Insurance*. While members in *Trading* saw their engagement in the *Americas* increase 4%.

Business Sector		Asia	Europe	Americas	Middle East	Oceania	Africa
Services	2013	96%	18%	16%	8%	8%	5%
	2012	98%	22%	18%	15%	15%	8%
Construction, Property & Real Estate	2013	98%	8%	7%	20%	7%	8%
	2012	98%	7%	14%	25%	9%	5%
Trading	2013	100%	17%	18%	20%	15%	11%
	2012	99%	20%	14%	24%	16%	9%
Manufacturing	2013	95%	26%	28%	16%	12%	11%
	2012	100%	34%	33%	19%	12%	11%
Logistics & Transportation	2013	92%	42%	30%	38%	26%	19%
	2012	100%	36%	39%	33%	14%	22%
Oil & Gas	2013	90%	24%	19%	33%	14%	10%
	2012	94%	19%	23%	39%	13%	10%
Banking & Insurance	2013	89%	32%	21%	21%	11%	5%
	2012	94%	19%	25%	6%	6%	5%
IT	2013	87%	26%	13%	17%	9%	9%
	2012	100%	7%	13%	27%	13%	13%
Overall	2013	<b>96%</b>	<b>22%</b>	<b>20%</b>	<b>18%</b>	<b>12%</b>	<b>9%</b>
	2012	<b>94%</b>	<b>22%</b>	<b>21%</b>	<b>21%</b>	<b>14%</b>	<b>10%</b>

Table 23: Distribution of Business Sector by Overseas Presence (Region)



Malaysia (65%), China (62%) and Indonesia (55%) have remained the top 3 Asian countries that SBF members are engaged in.

We observe that that was an increase in the SBF member's presence in Japan (▲4%) and Korea (▲3%). This could be partly due to the political strain between China, and these two countries.

With this political strain, business dealings between these 3 countries could be redirected to other countries like Singapore, hence the increase.

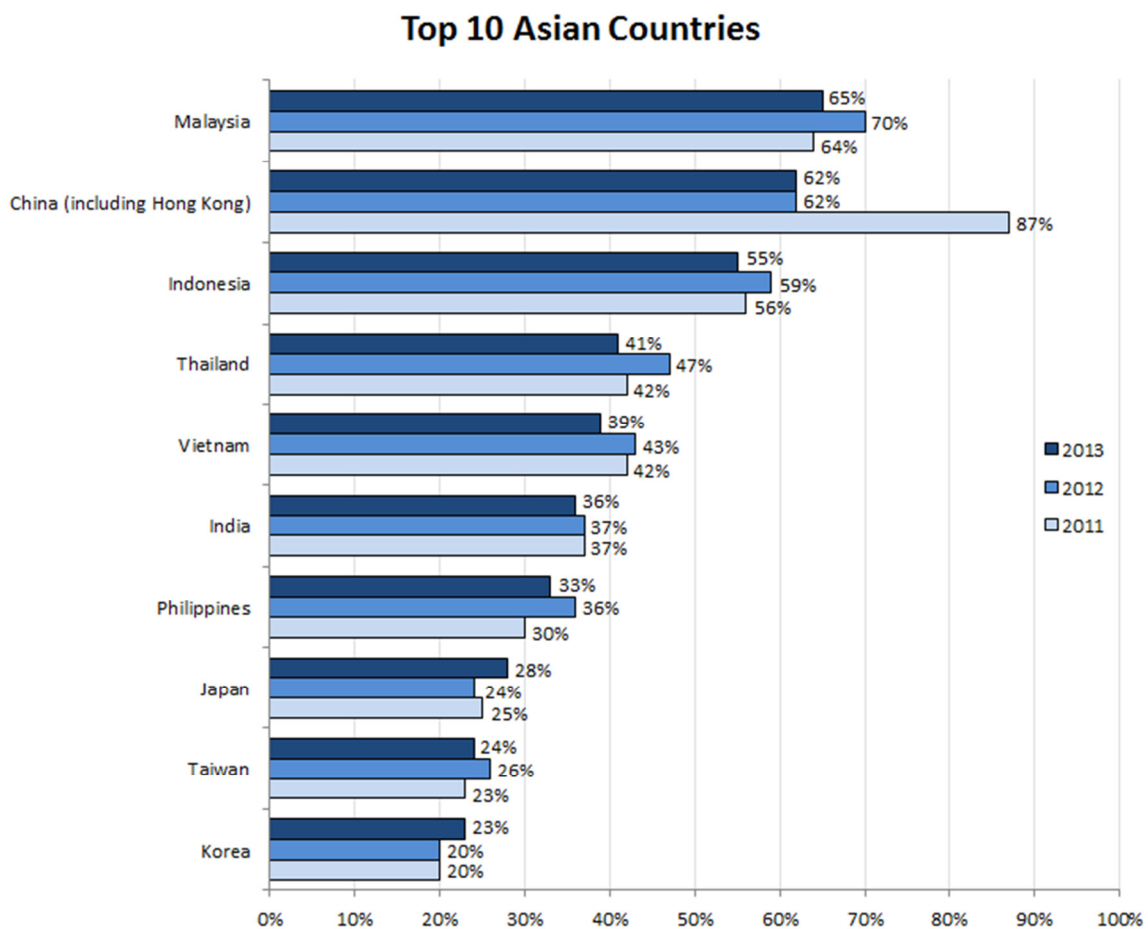


Chart 14: Top 10 Asian Countries

*Myanmar* (29%), *Indonesia* (20%) and *Vietnam* (19%) have once again come out on top, as markets that SBF members would be keen to venture into. This year, *Indonesia* overtook *Vietnam* to secure the second spot.

The still developing *Myanmarese* market holds both business potential and lower business costs for companies. In the case of *Indonesia*, it is a very large market that still has much opportunity for businesses to take advantage of.

*Vietnam* still holds much business potential but the large influx of investments from companies worldwide has meant keener competition, rising business costs and fewer business opportunities.

The largest increase is in *Malaysia*, where 7% more SBF members are keen to venture into. These could be contributed by the number of SBF members looking to invest in Iskandar.

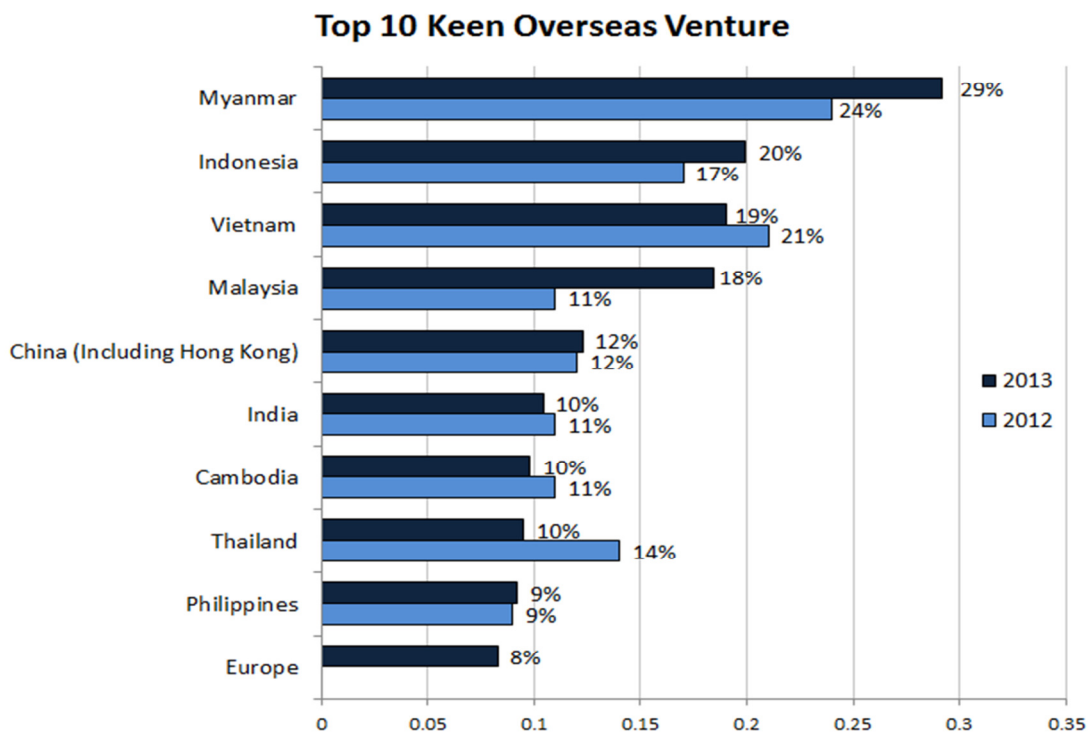


Chart 15: Top 10 Keen Overseas Venture

## 8.2. Overseas Revenue

Of the SBF members that are engaged overseas, 43% have indicated that more than 70% of their turnover is generated overseas.

This reflects the increasing importance for companies to have an overseas presence. This is as costs of doing businesses domestically continue to be more expensive.

Company Category		Percentage of Turnover generated overseas				Total
		Up to 30%	> 30% to 50%	> 50% to 70%	> 70%	
SME	2013	33%	13%	15%	39%	100%
	2012	33%	13%	14%	40%	100%
MNC/GLC/TLC	2013	25%	13%	11%	51%	100%
	2012	19%	20%	21%	40%	100%
Overall	2013	<b>30%</b>	<b>13%</b>	<b>14%</b>	<b>43%</b>	<b>100%</b>
	2012	<b>31%</b>	<b>15%</b>	<b>14%</b>	<b>40%</b>	<b>100%</b>

Table 24: Distribution of Company Category by Percentage of Turnover generated overseas

Sectors that are more reliant on the external market have seen more SBF members generating more than 70% of their revenue from overseas. They are namely, *Oil & Gas* (▲26%), *Banking & Insurance* (▲16%), *Logistics & Transportation* (▲10%) and *Trading* (▲7%).

Business Sector		Percentage of Turnover generated overseas				Total
		Up to 30%	> 30% to 50%	> 50% to 70%	> 70%	
Services	2013	36%	13%	13%	38%	100%
	2012	42%	14%	11%	32%	100%
Construction, Property & Real Estate	2013	64%	18%	3%	15%	100%
	2012	73%	3%	10%	13%	100%
Trading	2013	17%	14%	11%	58%	100%
	2012	18%	18%	13%	51%	100%
Manufacturing	2013	33%	9%	21%	37%	100%
	2012	26%	14%	16%	45%	100%
Logistics & Transportation	2013	20%	15%	10%	55%	100%
	2012	16%	23%	16%	45%	100%
Oil & Gas	2013	13%	11%	18%	58%	100%
	2012	28%	16%	24%	32%	100%
Banking & Insurance	2013	20%	40%	7%	33%	100%
	2012	33%	17%	33%	17%	100%
IT	2013	38%	5%	24%	33%	100%
	2012	50%	10%	0%	40%	100%
Overall	2013	<b>30%</b>	<b>13%</b>	<b>14%</b>	<b>43%</b>	<b>100%</b>
	2012	<b>31%</b>	<b>15%</b>	<b>14%</b>	<b>40%</b>	<b>100%</b>

Table 25: Distribution of Business Sector by percentage of Turnover generated overseas

### 8.3. Overseas Challenges and Strategies

The top 3 overseas challenges that SBF members faced have stayed similar, *Competition* (55%), *Unclear Rules & Regulations* (32%) and *Manpower Issues* (30%).

*Political instability* (▲5%) seems to be weighing on the minds of more SBF members this year. More SBF members are also facing problems with *Compliance* and *Bureaucracy* related issues.

On a more positive note, fewer SBF members are having problems finding business contacts. It could be a sign that the trade missions/ fair as well as business matching have benefited these members.

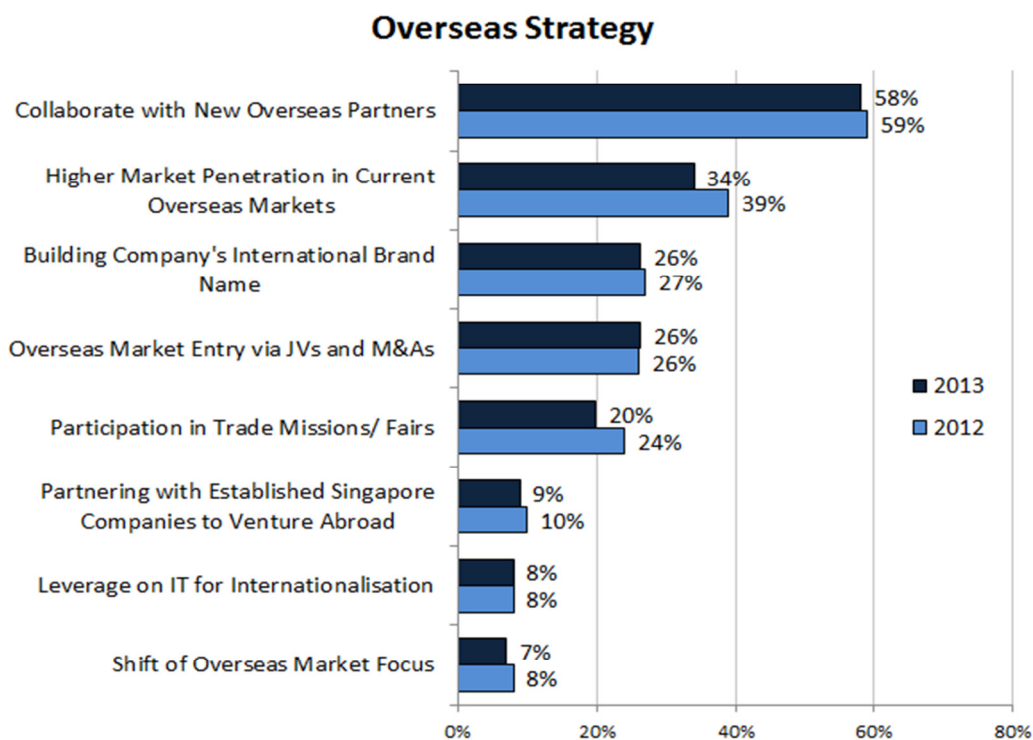
Rank No.	Top 10 Overseas Challenges	2013	2012
1	Competition from Companies Already Established in the Country	55%	56%
2	Unclear Rules & Regulations	32%	31%
3	Manpower Issues	30%	28%
4	Lack of Overseas Business Knowledge & Information	25%	26%
5	Compliance Issues	24%	20%
6	Customs Related Issues	21%	18%
	Lack of Business Contact	21%	24%
	Bureaucracy	21%	17%
7	Political Instability	18%	13%
8	Credit Standing	12%	11%
	Lack of Logistics/ Infrastructural Support	12%	9%
	Brand Acceptance	12%	12%
9	Funding	11%	13%
10	Lack of Protection of IP Rights	8%	7%

Table 26: Top 10 Overseas Challenges

Majority (82%) of SBF members have articulated through the survey that they have a business strategy for their overseas engagement. However, there has been a slight drop in the number (▼7%)

Amongst the 82% who do have a strategy, more than half (58%) will be looking to collaborate with new overseas partners. 34% will be concentrating on current markets that they are in so as to penetrate deeper in the respective markets.

Slightly more than a quarter (26%) will be looking at developing their company's branding with an international attraction in mind.



*Chart 16: Respondents breakdown by Overseas Strategy*

## 8.4. Free Trade Agreements (FTAs)

The top 3 benefits that SBF members have feedback that they gained from FTAs are More business opportunities (56%), Tax Savings and Open Trade (36%) and Tariff Savings (23%)

Of note, fewer (▼14%) SBF members are now enjoying tariff savings as a result of FTAs. This could be as more companies shift out of Singapore companies lose their ability to qualify for the certificate of origin.

Instead, more are seeing benefits in the following areas: Increased business opportunities (▲12%), better Investment opportunities (▲6%) and easier transfer of technology (▲4%).

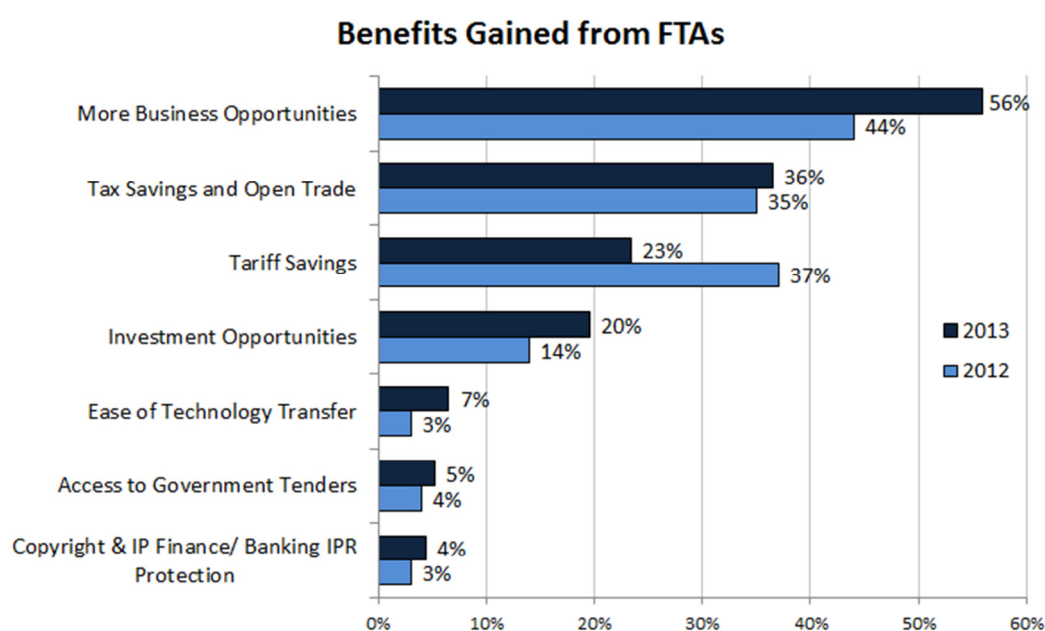


Chart 17: Respondents breakdown by Benefits gained from FTAs

## 8.5. Iskandar Malaysia

Iskandar Malaysia is the main southern development corridor in Johor, Malaysia. It was established on 30 July 2006. Iskandar Malaysia is modelled after the Pearl River Delta Economic Zone; it is envisaged to capitalize on its current synergies with Singapore as it aims to complement each other as an economic hub.

We note that 14% of SBF members either have already invested in Iskandar or are planning to do so.

Amongst those that have shared that they will not be looking to invest in Iskandar, the top 2 commonly stated reasons are:

- Not suitable for their business/ there is no requirement for them to do so. (21%)
- They do not have such plans/ no such plans at the moment. (12%)

Company Category	Consideration to Invest in Iskandar			Total
	Invested	Planning To	Not Investing	
SME	5%	9%	86%	100%
MNC/GLC/TLC	4%	10%	86%	100%
<b>Overall</b>	<b>5%</b>	<b>9%</b>	<b>86%</b>	<b>100%</b>

*Table 27: Distribution of Company Category by Consideration to Invest in Iskandar*

More SBF members in the IT sector are more positive about Iskandar. 20% have either invested or are planning to invest in Iskandar.

This is followed by *Construction, Property & Real Estate* (19%) and *Manufacturing* (18%)

The pull factor for companies in *IT* is new business opportunities as more companies relocate or start up in Iskandar. For *Construction, Property & Real Estate* (19%) companies there are new opportunities from the development of Iskandar.

The push factor is the manpower constraint that these companies are facing in Singapore. Companies both in *IT* and *Manufacturing* are both facing these issues and are looking for solutions.

Business Sector	Consideration to Invest in Iskandar			Total
	Invested	Planning To	Not Investing	
Services	4%	6%	90%	100%
Construction, Property & Real Estate	8%	11%	81%	100%
Trading	3%	6%	91%	100%
Manufacturing	6%	12%	82%	100%
Logistic & Transportation	2%	13%	85%	100%
Oil & Gas	2%	11%	87%	100%
Banking & Insurance	5%	10%	85%	100%
IT	4%	16%	80%	100%
<b>Overall</b>	<b>4%</b>	<b>9%</b>	<b>87%</b>	<b>100%</b>

*Table 28: Distribution of Business Sector by Consideration to Invest in Iskandar*



## 8.6. ASEAN Economic Community 2015

The ASEAN Economic Community (AEC) envisages the following key characteristics:

- (a) A single market and production base,
- (b) A highly competitive economic region,
- (c) A region of equitable economic development, and
- (d) A region fully integrated into the global economy.

The AEC areas of cooperation include human resources development and capacity building; recognition of professional qualifications; closer consultation on macroeconomic and financial policies; trade financing measures; enhanced infrastructure and communications connectivity; development of electronic transactions through e-ASEAN; integrating industries across the region to promote regional sourcing; and enhancing private sector involvement for the building of the AEC. In short, the AEC will transform ASEAN into a region with free movement of goods, services, investment, skilled labour, and freer flow of capital.

With this impending, SBF hoped to understand if its members were aware of it and how it might affect SBF members.

Survey feedback revealed that only slightly more than half (53%) of SBF members have heard of AEC. 5% more MNC/GLC/TLCs are aware of it as compared to their SME counterpart. The awareness level for MNC/GLC/TLCs is higher. This could be due the amount of resources available for MNC/GLC/TLCs to spend on obtaining such information.

With the community starting in 2015, most SBF members have only a basic or no knowledge of AEC. They are hence not able to see the opportunities from it. With much potential business opportunities and Singapore with a slight advantage (i.e. Singapore Brand, Reputation, etc.), SBF members should really sit up and get themselves ready for when the AEC takes place in 2015.

To this, SBF could help to spread awareness of what AEC is about, how SBF members can benefit from its and what they can do to prepare for it.

Company Category	Awareness of ASEAN Economic Community (AEC)				Total
	Not Aware At All	Heard About It But Do Not Know The Details	Present Some Other Opportunities	Useful	
<b>SME</b>	39%	53%	4%	4%	100%
<b>MNC/GLC/TLC</b>	29%	58%	7%	6%	100%
<b>Overall</b>	<b>38%</b>	<b>53%</b>	<b>5%</b>	<b>4%</b>	<b>100%</b>

*Table 29: Distribution of Company Category by Awareness of AEC*

By business sector, SBF members in *Banking & Insurance* had the highest level of awareness (only 11% were totally unaware of AEC).

On the other hand, fewer in *Construction, Property & Real Estate* are exposed to AEC.

More in *Banking & Insurance* (22%), *Logistics & Transportation* (11%) and *Oil & Gas* (11%) are expected to benefit from AEC.

Business Sector	Awareness of ASEAN Economic Community (AEC)				Total
	Not Aware At All	Heard About It But Do Not Know The Details	Present Some Other Opportunities	Useful	
Services	38%	55%	3%	4%	100%
Construction, Property & Real Estate	48%	46%	3%	3%	100%
Trading	31%	59%	6%	4%	100%
Manufacturing	39%	53%	4%	4%	100%
Logistic & Transportation	40%	49%	8%	3%	100%
Oil & Gas	37%	52%	9%	2%	100%
Banking & Insurance	11%	67%	11%	11%	100%
IT	39%	52%	0%	9%	100%
<b>Overall</b>	<b>38%</b>	<b>53%</b>	<b>5%</b>	<b>4%</b>	<b>100%</b>

*Table 30: Distribution of Business Sector by Awareness of AEC*

Of those who are aware of AEC, almost three quarters (71%) of SBF members believe that it is useful or could present some opportunities for them.

Company Category	Benefit from AEC?				Total
	No Benefit to My Business	Threat to My Business	Present Some Opportunities	Useful	
SME	27%	2%	56%	15%	100%
MNC/GLC/TLC	22%	2%	58%	18%	100%
<b>Overall</b>	<b>27%</b>	<b>2%</b>	<b>55%</b>	<b>16%</b>	<b>100%</b>

*Table 31: Distribution of Company Category by Benefit from AEC*

## 9. FINANCING

This year's survey revealed that more SBF members (▲3%) will be looking to secure new funds in the next 12 months.

More MNC/GLC/TLCs (35%) will be seeking financing when compared to their SME counterparts (28%).

Referring to Financial Issues (Chart 9) feedback by SBF members, we see that 21% are still unable to renew/ obtain new financing. This suggests that there is still a hold up pool of SBF members that would like to get financing but are unable to do so.

Company Category	Likely to Seek Financing/ Loans	
	2013	2012
SME	28%	32%
MNC/GLC/TLC	35%	28%
<b>Overall</b>	<b>34%</b>	<b>31%</b>

*Table 32: Respondent breakdown by those Likely to seek financing/loans*

Of the 34% that will be looking to get financing/ loans, more than half (57%) will be seeking it for *Working Capital Needs*. This is followed by *Asset Acquisition* (43%).

This year saw a significant increase (▲12%) in SBF members that will be using the newly acquired funds for asset acquisition.

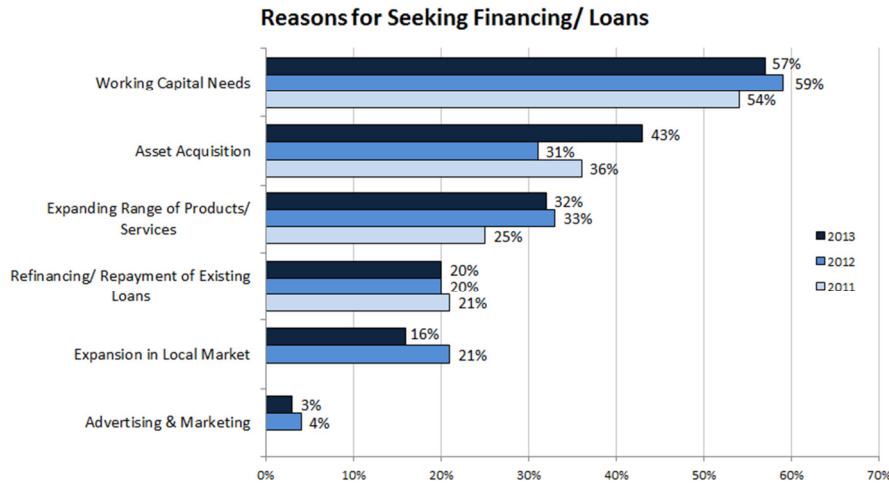


Chart 18: Respondents breakdown by Reasons for seeking financing/loans

For the 66% that will not be seeking Financing/ Loans, two thirds (66%) have indicated it was because they have sufficient funds.

On the other hand, 8% have been deterred by the cost of borrowing for loans.

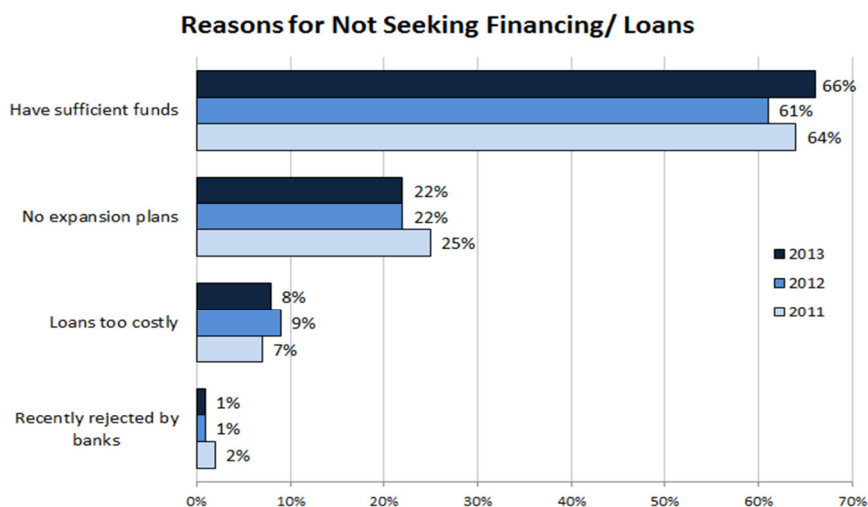


Chart 19: Respondents breakdown by Reasons for not seeking financing/loans

Amongst SBF members who are planning to seek financing, 62% will be looking at Bank Loans. This is more so in the case of MNC/GLC/TLC (69%).

More MNC/GLC/TLCs (11%) were observed to tap on Trade Financing.

Amongst SMEs, close to a third (31%) will continue to rely on the more expensive overdraft.

Company Category		Tapping on Bank Facilities for New Financing			
		Bank Loans	Trade Financing	Overdraft	Factoring
SME	2013	60%	44%	31%	8%
	2012	58%	49%	32%	10%
MNC/GLC/TLC	2013	69%	36%	14%	9%
	2012	58%	25%	9%	2%
Overall	<b>2013</b>	<b>62%</b>	<b>43%</b>	<b>27%</b>	<b>9%</b>
	<b>2012</b>	<b>60%</b>	<b>46%</b>	<b>29%</b>	<b>9%</b>

*Table 33: Distribution of Company Category by Bank Facilities*

Although the economic environment in Europe and the US is clearer, it was not translated into actual actions by the banks. Fewer (63%) in *Trading* will be tapping on *Trade Financing* in 2014 (▼9%).

More in *Logistics & Transportation* will be turning to *Bank Loans* in the next 12 months (▲7%). Reinforcing the shift, we see a 23% drop in those turning to *Overdraft* in this sector.

Fewer in *Logistics & Transportation* (▼23%) and *Services* (▼10%) will be looking to tap on the more expensive *Overdraft* facilities.

Business Sector		Tapping on Bank Facilities for New Financing			
		Bank Loans	Trade Financing	Overdraft	Factoring
Services	2013	70%	34%	25%	4%
	2012	73%	31%	35%	5%
Construction, Property & Real Estate	2013	59%	44%	37%	8%
	2012	59%	47%	37%	13%
Trading	2013	48%	63%	28%	12%
	2012	43%	72%	20%	9%
Manufacturing	2013	64%	36%	28%	11%
	2012	68%	40%	21%	8%
Logistics & Transportation	2013	82%	21%	10%	3%
	2012	75%	17%	33%	13%
Oil & Gas	2013	65%	57%	16%	8%
	2012	33%	72%	33%	-
Banking & Insurance*	2013	57%	14%	14%	-
	2012	71%	29%	-	-
IT	2013	58%	42%	33%	33%
	2012	67%	44%	22%	22%
Overall	2013	62%	43%	27%	9%
	2012	60%	46%	29%	9%

Table 34: Distribution of Business Sector by Bank Facilities

\* Respondent base less than 20

The number of SBF members who find it difficult to access financing from banks have increased to 23% this year (▲3%).

The challenge is more prominent amongst the *SME* group, where the number increases by 4% this year.

Company Category	Difficult to obtain			
	Bank Loans		Trade Financing	
	2013	2012	2013	2012
<b>SME</b>	25%	21%	19%	20%
<b>MNC/GLC/TLC</b>	15%	13%	15%	14%
<b>Overall</b>	<b>23%</b>	<b>20%</b>	<b>19%</b>	<b>19%</b>

*Table 35: Distribution of Company Category by Difficulty to obtain Bank Loans/Trade Financing*

The top 4 sectors with the most SBF members facing difficulties in obtaining bank loans are: Construction, Property & Real Estate (30%), Oil & Gas (29%), Banking & Insurance (29%) and Trading (28%).

We also note significant increases in the proportion of SBF members in Trading (▲11%) and Manufacturing (10%) that are facing challenges in obtaining bank loans.

Business Sector	Difficult to obtain					
	Bank Loans			Trade Financing		
	2013	2012	2011	2013	2012	2011
<b>Services</b>	16%	20%	27%	11%	18%	22%
<b>Construction, Property &amp; Real Estate</b>	30%	26%	25%	19%	19%	22%
<b>Trading</b>	28%	17%	28%	24%	24%	30%
<b>Manufacturing</b>	24%	14%	19%	23%	13%	17%
<b>Logistics &amp; Transportation</b>	19%	26%	26%	16%	19%	20%
<b>Oil &amp; Gas</b>	29%	25%	34%	22%	25%	40%
<b>Banking &amp; Insurance</b>	29%	25%	23%	27%	22%	11%
<b>IT*</b>	9%	26%	21%	9%	22%	17%
<b>Overall</b>	<b>23%</b>	<b>20%</b>	<b>25%</b>	<b>19%</b>	<b>19%</b>	<b>23%</b>

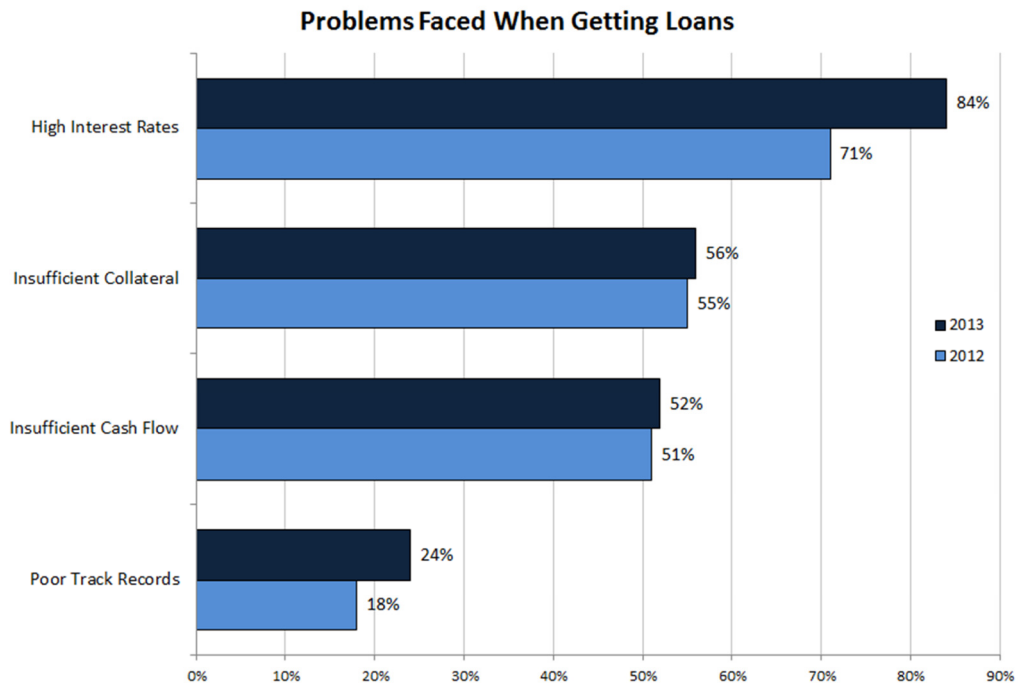
*Table 36: Distribution of Business Sector by Difficulty to obtain Bank Loans/Trade Financing*

*\*Respondent base less than 20*



The biggest problem SBF members face when getting loans is the cost of borrowing (i.e. High Interest Rates – 84%).

More than half have also cited the lack of collateral (56%) and insufficient cash flow (52%) as other problems they have encountered.



*Chart 20: Respondents breakdown by Problems faced when getting loans*

## 10. HUMAN RESOURCES

Reflecting the recent manpower policy changes, we have observed that fewer SBF members (▼6%) will be looking to increase the hiring of foreign workers.

Instead, more (▲4%) will be looking at full time employment of local workers. To help attract local employees, more will also be looking to offer permanent positions instead of part time/ contract ones.

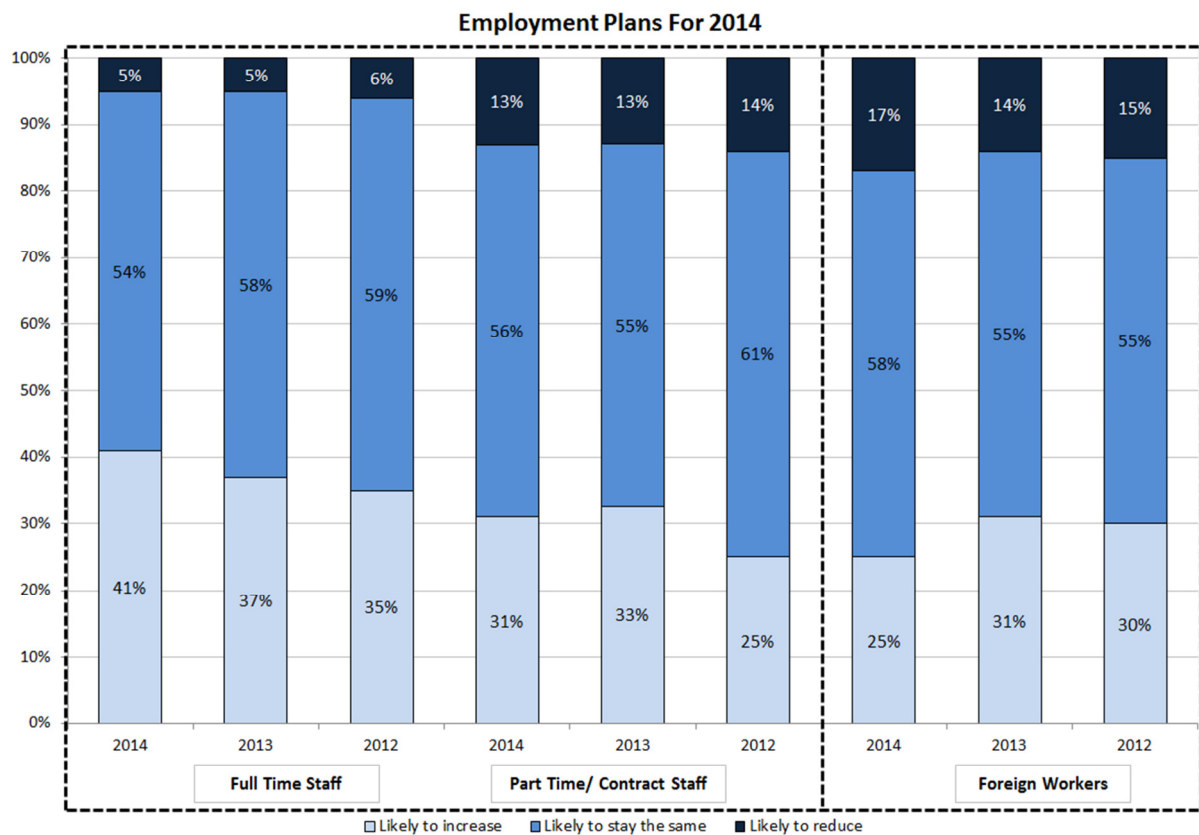


Chart 21: Respondents breakdown by Employment Plans

Amongst those looking to hire foreign workers, other than the *Banking & Insurance* sector, all other sectors are expected to see fewer increases in the hiring of foreign workers.

*Logistics & Transportation* saw the most significant increase (▲ 18%) in SBF members sharing that they will likely reduce foreign workers in 2014. This is followed by *Construction, Property & Real Estate* with a 10% increase.

Business Sector		Likely to Reduce Foreign Workers	Likely to Increase Foreign Workers	Likely to stay the same
Services	2014	15%	23%	62%
	2013	16%	26%	58%
Construction, Property & Real Estate	2014	25%	34%	41%
	2013	15%	42%	43%
Trading	2014	12%	15%	73%
	2013	6%	24%	70%
Manufacturing	2014	17%	27%	56%
	2013	18%	28%	54%
Logistics & Transportation	2014	23%	21%	56%
	2013	5%	33%	62%
Oil & Gas	2014	8%	20%	72%
	2013	4%	40%	56%
Banking & Insurance	2014	16%	26%	58%
	2013	7%	14%	79%
IT	2014	10%	20%	70%
	2013	20%	33%	62%
Overall	2014	17%	25%	58%
	2013	14%	31%	55%

*Table 37: Distribution of Business Sector by Foreign worker employment plans*

When asked about how much SBF members are spending on the training and upgrading of their employees, most (91%) will be spending up to 5% of their payroll.

As in the previous survey, we have observed that more *SMEs* (9%) are spending a larger percentage (>5%) than their *MNC/GLC/TLC* counterparts (5%). The trend suggests that some of the government schemes targeted to help *SMEs* groom their local staff is gaining traction.

Percentage of Company's payroll spent on training and upgrading	Company Category				Overall	
	SME		MNC/GLC/TLC		FY 2013	FY 2012
	FY 2013	FY 2012	FY 2013	FY 2012		
< 1%	42%	42%	34%	35%	<b>39%</b>	<b>40%</b>
1% - 2%	30%	27%	32%	32%	<b>30%</b>	<b>28%</b>
> 2% - 5%	19%	21%	29%	28%	<b>22%</b>	<b>22%</b>
> 5% - 8%	7%	8%	5%	5%	<b>7%</b>	<b>8%</b>
> 8%	2%	2%	0%	0%	<b>2%</b>	<b>2%</b>
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Table 38: Respondents breakdown by % of Company's payroll spent on training and upgrading

Fewer SBF members will be looking to implement an upward salary adjustment for staff in the *Senior Manage Level* (▼5%), *Middle Management* (▼4%) and *Executive Level* (▼4%).

More than half will continue to do upward adjustment this year. However, the focus this year seems to be more on the lower ranked employees. This suggests greater importance on staff retention.

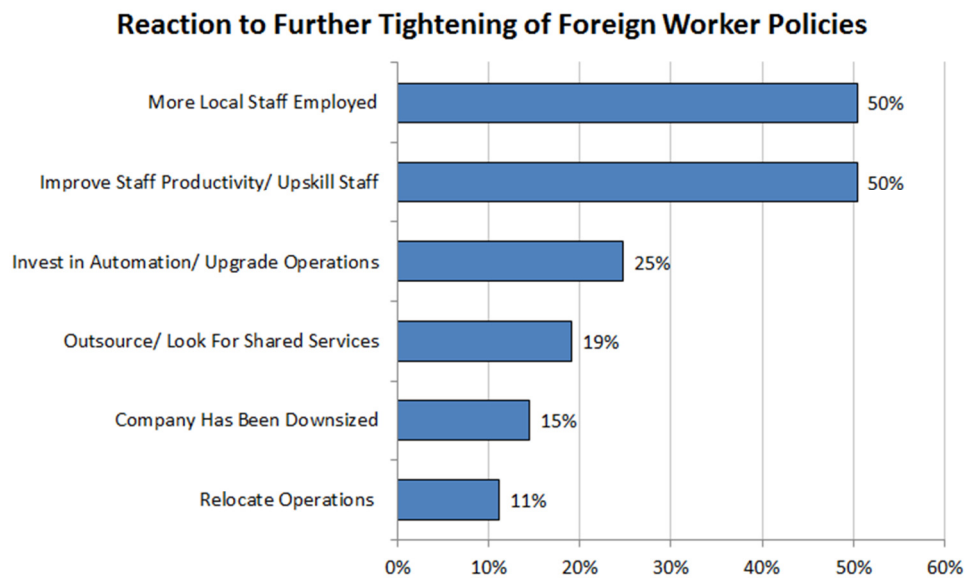
Company Category		Upward Salary Adjustment for Existing Staff				
		Senior Management Level	Middle Management Level	Supervisory Level	Executive Level	Non-Executive Level
<b>SME</b>	2013	63%	67%	67%	70%	71%
	2012	68%	73%	67%	74%	71%
<b>MNC/GLC/TLC</b>	2013	75%	84%	75%	84%	73%
	2012	87%	86%	80%	88%	73%
<b>Overall</b>	<b>2013</b>	<b>65%</b>	<b>71%</b>	<b>68%</b>	<b>72%</b>	<b>71%</b>
	<b>2012</b>	<b>70%</b>	<b>75%</b>	<b>69%</b>	<b>76%</b>	<b>71%</b>

Table 39: Distribution of Upward salary adjustment

66% have been impacted by the recent further tightening of foreign worker policies. Half have reacted by hiring more local staff and improving the productivity/ skill level of staff.

Investing in automation and upgrading operations is another option explored by a quarter of the affected SBF members as a way to alleviate the additional costs.

Of concern, are the 15% that have down sized their business and the 11% that have relocated their operations. The rising costs have affected the viability of the business so much so that these companies have to resort to such drastic measures.



*Chart 22: Respondents breakdown by Reaction to Further Tightening of Foreign Worker Policies*

On 30 May 2013, the National Wage Council published a recommendation for companies employing workers that earn a basic monthly salary of up to S\$ 1,000 grant these workers a built in wage increment of at least S\$ 60.

Majority (80%) of SBF members have feedback that they do not have workers that earn a basic salary of S\$ 1,000.

Amongst those who have such workers, 15% will be giving a wage increment of at least S\$ 60. The average quantum for this group is S\$ 83.

For the 5% that will be giving a wage increment of less than S\$ 60, the average amount that will be given out to these workers is S\$ 44. Slightly more SMEs will be giving less than S\$ 60 as compared to their MNC/GLC/TLC counterparts.

Company Category	Wage Increment Given to Staff with Salary <S\$ 1,000			Total
	No Such Workers	Yes, at least \$60	No, less than \$60	
SME	79%	15%	6%	100%
MNC/GLC/TLC	82%	14%	4%	100%
<b>Overall</b>	<b>80%</b>	<b>15%</b>	<b>5%</b>	<b>100%</b>

Table 40: Distribution of Wage Increment Given to Staff with Salary <S\$ 1,000 by Company Category

By sector, more in Manufacturing (37%) and Construction, Property & Real Estate (25%) is observed to have workers earning less than S\$ 1,000.

Business Sector	Wage Increment Given to Staff with Salary <S\$ 1,000		No Such Workers
	Yes, at least \$60	No, less than \$60	
Services	86%	14%	83%
Construction, Property & Real Estate	60%	40%	75%
Trading	76%	24%	89%
Manufacturing	75%	25%	63%
Logistic & Transportation	59%	41%	78%
Oil & Gas	80%	20%	89%
Banking & Insurance	-	100%	97%
IT	100%	-	91%
<b>Overall</b>	<b>15%</b>	<b>5%</b>	<b>80%</b>

Table 41: Distribution of Wage Increment Given to Staff with Salary <S\$ 1,000 by Business Sector

## **11. BUDGET 2013/2014**

Budget 2013 looked at transforming the Singapore economy so as to achieve 'Quality Growth'. It aims to help businesses upgrade, create better jobs and raise wages. The 4 key policies to achieve this are:

- Tighten Foreign Worker Policies
- Provide a 3-year Transition Support package
- Strengthen Productivity Incentives
- Develop capabilities for New Growth Industries

With these new policies in place, SBF would like to understand how Budget 2013 has impacted their members. SBF is also interested to get feedback on areas in which members would like the government to address in the upcoming Budget 2014.

Generally, it would seem that more SBF members have found this year's Budget useful.

## 11.1. New Initiatives/ Enhancements in Budget 2013

More SBF members are aware of Schemes in Budget 2013. We observed a 7% increase in the level of awareness to 92% this year.

Top 3 initiatives with highest level of awareness are *PIC Bonus & Enhancements* and the manpower related *Wage Credit Scheme (WCS)* and *Workfare Training Scheme (WTS) Enhancements*. These schemes help with staffing costs and are hence more popular.

Schemes that could use more promoting are *Partnership for Capability Transformation (PACT)* (19%), *Collaborative Industry Projects* (20%), *Land Productivity Grant* (21%) and *Technology Adoption Programme* (25%).

New Initiatives or Enhancements	Awareness of Schemes in Budget 2013				
	Not aware	Aware	Not applicable	Not Answered	
<b>Wage Credit Scheme (WCS)</b>	11%	75%	14%	7%	
<b>PIC Bonus &amp; Enhancements</b>	4%	88%	8%	4%	
<b>Corporate Income Tax Rebate</b>	15%	50%	35%	6%	
<b>Further Five Year COE Renewal for Commercial Vehicles</b>	15%	43%	41%	6%	
<b>Road Tax Rebate</b>	16%	44%	41%	7%	
<b>Collaborative Industry Projects</b>	39%	20%	41%	9%	
<b>Partnership for Capability Transformation (PACT)</b>	40%	19%	41%	9%	
<b>Land Productivity Grant</b>	34%	21%	45%	9%	
<b>Technology Adoption Programme</b>	38%	25%	37%	10%	
<b>Workfare Income Supplement</b>	26%	44%	29%	10%	
<b>Workfare Training Scheme (WTS) Enhancements</b>	22%	56%	22%	9%	
<b>SME Talent Programme</b>	33%	37%	30%	9%	
<b>Overall</b>	<b>2013</b>	1%*	92%**	4%***	2%****
	<b>2012</b>	4%*	85%**	4%***	7%****

Table 42: Respondents breakdown by New Initiatives or Enhancements

- \* answered not aware of all schemes
- \*\* answered aware for at least 1 scheme
- \*\*\* answered not applicable for all schemes
- \*\*\*\* did not answer this question



Of the 92% who are aware, most SBF members have benefited from *PIC Bonus & Enhancements* (67%), *Wage Credit Scheme (WCS)* (42%) and *Corporate Income Tax Rebate* (47%).

In line with the drive to reduce business costs, more will be using *Workfare Training Scheme (WTS) Enhancements* (31%) and *Further Five Year COE Renewal for Commercial Vehicles* (30%) moving forward.

Of note are the schemes, *Partnership for Capability Transformation (PACT)* (77%), *Land Productivity Grant* (74%), *Collaborative Industry Projects* (65%) and *Technology Adoption Programme* (61%), where more than half of SBF members are aware of it but not making use of it. It could be due to usability of these schemes.

Schemes	Level of Awareness	Usage & Effectiveness				Total
		Aware, but Not Using	Aware and Planning to Use	Have used, Find it Effective	Have used, but Not Helpful	
<b>PIC Bonus &amp; Enhancements</b>	88%	10%	22%	67%	1%	100%
<b>Wage Credit Scheme (WCS)</b>	75%	23%	28%	42%	7%	100%
<b>Workfare Training Scheme (WTS) Enhancements</b>	56%	39%	31%	25%	5%	100%
<b>Corporate Income Tax Rebate</b>	50%	27%	22%	47%	4%	100%
<b>Road Tax Rebate</b>	44%	33%	22%	38%	7%	100%
<b>Workfare Income Supplement</b>	44%	45%	28%	22%	5%	100%
<b>Further Five Year COE Renewal for Commercial Vehicles</b>	43%	42%	30%	21%	6%	100%
<b>SME Talent Programme</b>	37%	39%	27%	11%	3%	100%
<b>Technology Adoption Programme</b>	25%	61%	26%	9%	3%	100%
<b>Land Productivity Grant</b>	21%	74%	17%	6%	3%	100%
<b>Collaborative Industry Projects</b>	20%	65%	22%	9%	5%	100%
<b>Partnership for Capability Transformation (PACT)</b>	19%	77%	14%	6%	3%	100%

Table 43: Respondents breakdown by Awareness of New Initiatives or Enhancements

## 11.2. Impact of Budget 2013

### 11.2.1. Usefulness of the Budget

Compared to 2012, more have found this year's Budget to be useful, at 41% (▲7%). This suggests that the Budget is more in line with the needs on the ground. The many survey and research done (including those with SBF members) before formulating the policies could have helped with this alignment.

To note is the group of SBF members that are not sure if the Budget has been useful (47%). More could be done to engage this group to find out what specific aid they need for their business.

Company Category		Is Budget 2013 Useful?		
		Yes	No	Not Sure
SME	2013	41%	11%	48%
	2012	34%	14%	52%
MNC/GLC/TLC	2013	44%	15%	41%
	2012	34%	14%	52%
Overall	2013	41%	12%	47%
	2012	34%	15%	51%

*Table 44: Respondents breakdown by Budget 2013's Usefulness by Company Category*

By business sectors, more in *Manufacturing* (50%) and *Logistic & Transportation* (48%) find Budget 2013 to be useful. This is likely due to more in these 2 sectors having seen their business costs lowered due to schemes in Budget 2013 (Table 50)

On the other hand, it was feedback that Budget 2013 has not really targeted companies in the *Banking & Insurance* sector. Only 23% have indicated that Budget 2013 was useful and most (63%) have shared that they are unsure of the usefulness of Budget 2013.

The Introduction of more regulation frameworks and market cooling measure for the property market have caused more to view Budget 2013 in a less positive manner.

Industry	Is Budget 2013 Useful?			
	Yes	No	Not Sure	Total
Banking & Insurance	23%	14%	63%	100%
Construction, Property & Real Estate	41%	8%	51%	100%
Oil & Gas	45%	22%	33%	100%
Manufacturing	50%	13%	37%	100%
Services	36%	13%	51%	100%
IT	36%	24%	39%	100%
Logistic & Transportation	48%	11%	41%	100%
Trading	41%	7%	52%	100%
<b>Total</b>	<b>41%</b>	<b>12%</b>	<b>47%</b>	<b>100%</b>

*Table 45: Respondents breakdown by Budget 2013's Usefulness by Business Sector*

Of the 12% of SBF members that did not find Budget 2013 useful, 74 have shared their reasons.

22 respondents have indicated that schemes were not applicable to their business. 18 have indicated that policies did not provide much help to them. SBF could try and understand more from this group of members as to what are some of the areas that could be improved to suit their needs better.

Top 5 reasons for not finding Budget 2013 useful (N=74)	2013
Schemes not applicable	22
Policies is of minimal help	18
Manpower issues	8
Inadequate in addressing concerns	7
Policies restrictive/ difficult to apply	7

*Table 46: Top 5 Reasons for Budget Not Being Useful*

27% have indicated that they did not face challenges when applying for government assistance schemes. 26% have indicated that the schemes are not applicable to their company/ business.

It was observed that more *MNC/GLC/TLCs* (39%) feel that schemes are not applicable to them as compare to their *SME* counterparts (23%). It could be due to schemes in the Budget being more catered to help the smaller to medium sized companies.

Company Category	Challenges Faced in Applying for Government Assistance Schemes				
	Stringent Selection Criteria	Restrictive Coverage of Qualified Activities	Limited Manpower & Resources Internally	Most of the Government Schemes do not Apply for my Company/ Business	None
SME	19%	22%	25%	23%	28%
MNC/GLC/TLC	19%	17%	18%	39%	22%
<b>Overall</b>	19%	22%	23%	26%	27%

*Table 47: Challenges Faced in Applying for Government Assistance Schemes by Company Category*

27% are able to tap on the existing scope of government assistance schemes without any issues.

On the other hand, 23% lack the manpower to work on the application process. This is more widespread in *Construction, Property & Real Estate*, where close to one-third face this issue. With more expected to be constrained by manpower challenges, the number is expected to increase.

For 19% the current stringent selection criteria is a concern. 26% have yet to find a scheme from which they can benefit from. In particular, more in *Trading* feels that there are few schemes from which they are able to benefit from.

Business Sector	Challenges Faced in Applying for Government Assistance Schemes				
	Stringent Selection Criteria	Restrictive Coverage of Qualified Activities	Limited Manpower & Resources Internally	Most of the Government Schemes do not Apply for my Company/ Business	None
Banking & Insurance	7%	28%	17%	48%	17%
Construction, Property & Real Estate	26%	26%	34%	17%	22%
Oil & Gas	26%	19%	9%	32%	32%
Manufacturing	21%	23%	26%	18%	31%
Services	16%	22%	21%	29%	25%
IT	18%	15%	33%	39%	21%
Logistic & Transportation	17%	21%	13%	28%	38%
Trading	13%	17%	21%	33%	30%
<b>Overall</b>	<b>19%</b>	<b>22%</b>	<b>23%</b>	<b>26%</b>	<b>27%</b>

*Table 48: Challenges Faced in Applying for Government Assistance Schemes by Business Sector*

### 11.2.2. Impact of budget 2013 on Business Costs

This year's Budget 2013 has generally been more effective (▲15%) than Budget 2012 in lowering business costs for SBF members.

This is seen both amongst *SMEs* and *MNC/GLC/TLCs*, with more SBF members *in MNC/GLC/TLCs* (33%) benefiting from Budget 2013.

Company Category		Has Budget 2013 Lowered Business Costs			Total
		Not At All	Yes	Not Sure	
<b>SME</b>	2013	12%	25%	63%	100%
	2012	17%	11%	72%	100%
<b>MNC/GLC/TLC</b>	2013	13%	33%	54%	100%
	2012	20%	14%	66%	100%
<b>Overall</b>	<b>2013</b>	<b>12%</b>	<b>27%</b>	<b>61%</b>	<b>100%</b>
	<b>2012</b>	<b>18%</b>	<b>12%</b>	<b>70%</b>	<b>100%</b>

In relation to business cost, 27% of the SBF members have benefited from Budget 2013. The benefit is more evident amongst the larger *MNC/GLC/TLC* group, at 35%.

Of those that have benefited from Budget 2013, majority see up to 20% saving in their business cost in the current year.

Company Category	Extent which Budget 2013 has lowered business costs						Not Sure
	Not At All	Up to 20%	>20% to 30%	>30% to 40%	>40% to 50%	> 50%	
<b>SME</b>	12%	21%	3%	-	-	-	64%
<b>MNC/GLC/TLC</b>	13%	32%	1%	1%	-	-	54%
<b>Overall</b>	12%	23%	3%	1%	-	-	61%

Table 49: Distribution of Company category by Extent which Budget 2013 lowered business costs

By business sectors, more in *Manufacturing* (37%) and *Logistic & Transportation* (34%) have seen business cost saving.

SBF members in the *Banking & Insurance* sector are the most unsure (74%) about how Budget 2013 has helped them to lowered business costs. More may have felt that the new regulations have led to higher operating costs.

Business Sector	Extent which Budget 2013 has lowered business costs						Not Sure
	Not At All	Up to 20%	>20% to 30%	>30% to 40%	>40% to 50%	> 50%	
Banking & Insurance	12%	9%	3%	-	3%	-	74%
Construction, Property & Real Estate	8%	24%	4%	-	-	-	64%
Oil & Gas	26%	16%	-	-	-	2%	56%
Manufacturing	7%	36%	1%	-	-	-	56%
Services	15%	20%	2%	1%	-	-	61%
IT	15%	24%	3%	-	-	-	58%
Logistic & Transportation	12%	23%	8%	3%	-	-	55%
Trading	12%	18%	3%	1%	1%	1%	66%
<b>Overall</b>	<b>12%</b>	<b>23%</b>	<b>3%</b>	<b>1%</b>	<b>-</b>	<b>-</b>	<b>61%</b>

Table 50: Distribution of Business Sector by Extent which Budget 2013 lowered business costs

### 11.3. Wish List for Budget 2014

This year's Budget 2014 wish list is largely similar to that of Budget 2013 where majority of SBF members are looking for more help to *Reduce Business Costs* (72%). The focus for SBF members are still on cost and manpower issues.

This shows that the SBF business community does not flip flop on what help they would like to receive from the government, better allowing the government to plan and roll out schemes for the longer term.

To note, the fact that the most are still looking for help in the areas of reducing business costs and employment/HR would suggest that there is not enough done to help businesses.

<b>Suggested Areas for Budget 2014 to address</b>	<b>2013</b>	<b>2012</b>
<b>Reduce Business Costs</b>	<b>72%</b>	<b>72%</b>
<b>Employment/HR</b>	<b>48%</b>	<b>48%</b>
<b>Investing in Training &amp; Development</b>	23%	25%
<b>Investment in Technology</b>	21%	21%
<b>Overseas Business Expansion</b>	16%	17%
<b>Financing Issues</b>	13%	12%
<b>Local Business Expansion</b>	11%	10%
<b>Reduce legislative/compliance relating to business competitiveness matters</b>	10%	11%

*Table 51: Suggested areas for Budget 2014 to address*

SBF members have generally shared that they would like the government to provide more grants/ incentives/ subsidies to help them address high operational costs and manpower issues.

Other than financial help/ incentives, the issue of foreign workers and rental has continued to weigh heavily on the minds of SBF members.

Of note is the popularity of the PIC scheme (27%). A significant number of SBF members have shared their views have indicate the continuation and enhancement of the PIC scheme.

<b>Suggested Issues for Budget 2014 to address</b>	<b>Top 1</b>	<b>Top 2</b>
<b>Reduce Business Costs</b>	Rental Related (25%)	Foreign Worker Levy Related (10%)
<b>Employment/HR</b>	Foreign Worker Regulation (32%)	Foreign Worker Levy (19%)
<b>Investment in Technology</b>	Continue/ Enhance PIC Scheme (27%)	More Grants/ Incentives/ Subsidies (22%)
<b>Investing in Training &amp; Development</b>	More Grants/ Incentives/ Subsidies (42%)	More Courses/ Training Programmes & Continue/ Expand Current Government Initiatives & Continue/ Enhance PIC Scheme (13%)
<b>Overseas Business Expansion</b>	Grants/ Incentives/ Rebates/ Subsidies (26%)	Financing/ Co-funding (7%)
<b>Financing Issues</b>	More Lenient Loan Policy (15%)	More Government Initiatives (12%)
<b>Local Business Expansion</b>	Land Related (9%)	Grants/ Incentive/ Rebates/ Subsidies (8%)
<b>Reduce legislative/compliance relating to business competitiveness matters</b>	Simplify Processes/ Regulations (21%)	Legislative/ Compliance Cost (13%)

*Table 52: Top 2 Suggested Issues for Budget 2014 to address*



The top 3 issues that SBF members would like to see addressed in Budget 2014 revolves around Rental and manpower issues.

High rental (18%) continues to be an issue as in the previous survey. The next budget could look more to cooling measures for the commercial property/ rental market or some form of aid/ support for companies.

The issue on foreign workers has constantly been a thorn in recent years. While unable to recall the cut back on foreign workers, more can be done to show companies that there are other ways to work around the lack of cheaper foreign labour.

Programmes/ campaigns to change the mind-set of the local workforce could also help ease the currently tight labour situation.

<b>Top 3 issues on wish list for Budget 2014</b>	<b>2013</b>	<b>2012</b>
<b>Rental</b>	18%	16%
<b>Foreign worker regulation</b>	15%	15%
<b>Foreign worker levy</b>	9%	14%

*Table 53: Top 3 issues on wish list for Budget 2014*

## 12. SBF SERVICES

Fewer SBF members (▼4%) have participated in SBF activities/ used SBF services this year.

This drop was more significantly seen amongst *MNC/GLC/TLCs*, experiencing a 10% drop from the previous year's survey.

Company Category	Participated in SBF activities/used SBF services	
	2013	2012
<b>SME</b>	42%	47%
<b>MNC/GLC/TLC</b>	48%	58%
<b>Overall</b>	43%	47%

*Table 54: Distribution of Company Category by Participation/usage of SBF activities/services*

By business sector, SBF members in *Oil & Gas* (62%) have participated most actively in the activities/ services that SBF provides. This is followed by members in the *Logistics & Transportation* (51%) sector

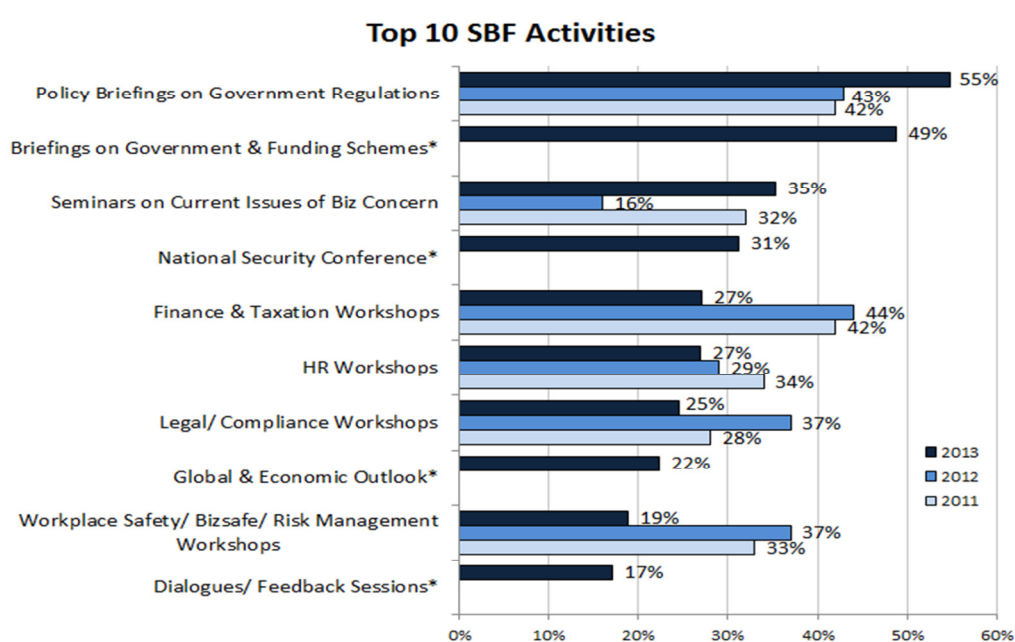
SBF members in *Trading* (32%) and *IT* (36%) reported the lowest participation. SBF could consider looking into providing more specific programs that cater better to these two sectors.

Business Sector	Participated in SBF activities/ used SBF services		
	2013	2012	2011
<b>Services</b>	44%	46%	53%
<b>Trading</b>	32%	41%	45%
<b>Manufacturing</b>	48%	52%	55%
<b>Construction, Property &amp; Real Estate</b>	42%	46%	50%
<b>Logistics &amp; Transportation</b>	51%	52%	55%
<b>Oil &amp; Gas</b>	62%	70%	63%
<b>Banking &amp; Insurance</b>	41%	34%	45%
<b>IT</b>	36%	48%	42%
<b>Overall</b>	43%	47%	51%

*Table 55: Distribution of Business Sector by Participation/usage of SBF activities/services*

The top 2 SBF activities that SBF members are making use of are *Policy Briefings on Government Regulations* (55%) and *Briefings on Government & Funding Schemes* (49%). This trend seems to indicate that SBF members are looking to SBF as a reliable source to get information and updates on existing/ new government policies.

Something else that SBF members are looking to SBF for is on current issues of business concern (35%). This activity saw a significant 19% jump from the previous survey.



*Chart 23: Top 10 SBF Activities*  
\* Option not available in previous survey

Satisfaction level towards SBF services has improved. We have observed a 6% increase in SBF members that have feedback that services/ support provided have been satisfactory.

Satisfaction Level towards SBF	2013	2012	2011
<b>6 - Highly Satisfactory</b>	3%	3%	3%
<b>5 - Satisfactory</b>	55%	49%	41%
<b>4 - Somewhat Satisfactory</b>	39%	41%	52%
<b>3 - Somewhat Dissatisfactory</b>	2%	5%	3%
<b>2 - Dissatisfactory</b>	1%	1%	1%
<b>1 - Highly Dissatisfactory</b>	-	1%	-
<b>Total</b>	100%	100%	100%

*Table 56: Respondents breakdown by Satisfaction Level towards SBF*

The *Overall Average Satisfaction score* is an indication of SBF members' level of satisfaction with SBF's services and support. The score is derived based on feedback from SBF members who responded to the survey.

The score this year is 4.58 (out of a maximum of 6) over last year's 4.57. If we compare to when the first survey was conducted in 2008, there was a 7% improvement from the 4.27 that was feedback.

All sectors (excluding *Logistics & Transportation*: ▼0.3) saw an increase in the average satisfaction score. *Oil & Gas* topped the score at 4.77, followed by *IT* with 4.75.

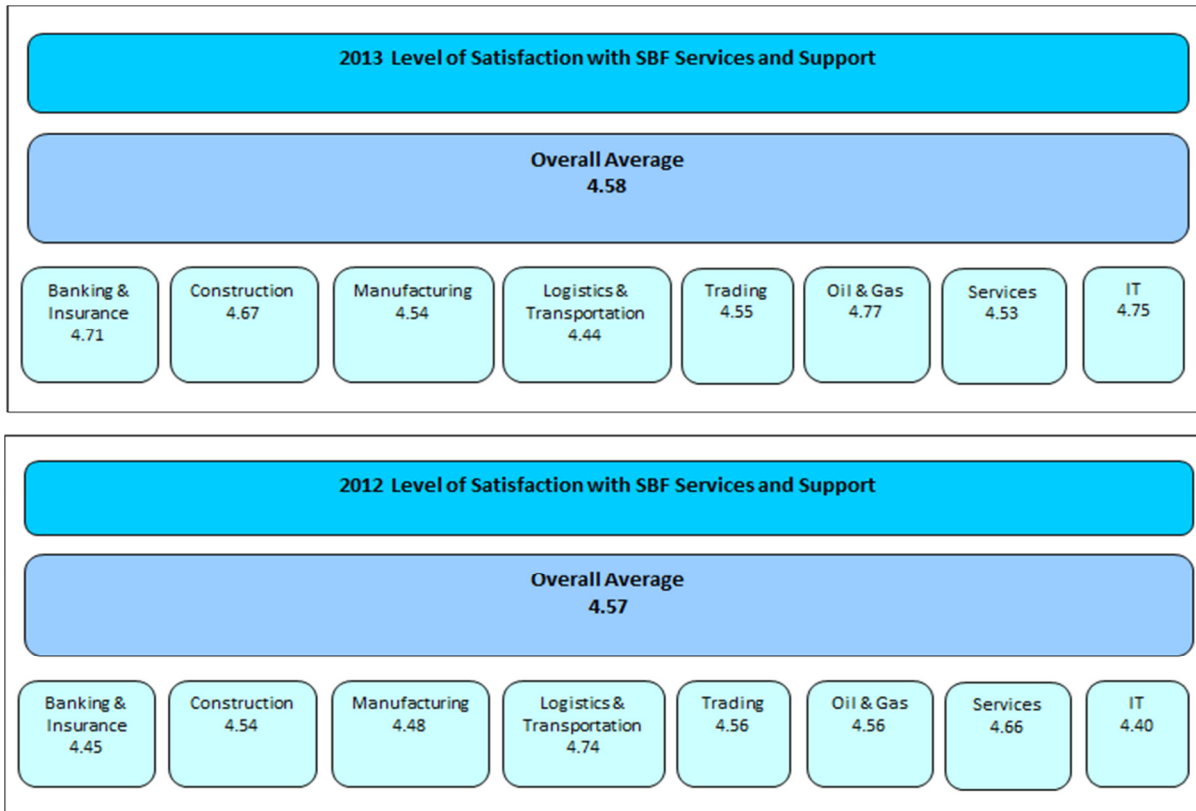


Chart 24: Level of Satisfaction with SBF Services and Support

When asked how representative SBF was of members' concerns, about two thirds (68%) of respondents have felt that SBF has been largely representative.

One thing to note is that comparatively more *SMEs* are feeling that SBF is *Not Representative* of their concerns (12% vs. 7% for *MNC/GLC/TLCs*). SBF could look into catering their activities and organizational direction more to fit SBF members that are *SMEs*.

Company Category	How Representative is SBF of your Concerns						Total
	1 - Does Not Represent At All	2 - Not Representative	3 - Somewhat Not Representative	4 - Somewhat Representative	5 - Representative	6 - Highly Representative	
SME	4%	12%	17%	48%	18%	1%	100%
MNC/GLC/TLC	5%	7%	17%	54%	17%	0%	100%
Grand Total	4%	11%	17%	50%	17%	1%	100%

*Table 57: SBF's Representation of Your Concerns by Company Category*

By business sector, more in *Construction, Property & Real Estate* (76%) and *Oil & Gas* (76%) feel that they are represented by SBF.

Of note are members in *Banking & Insurance* (10%) that have shared that SBF is not at all representative of their concerns. This could be due to the difficulty for SBF to comment and give their inputs on policies regarding monetary policies/ regulation, hence leading a proportion of members in this sector to feel as such.

Business Sector	How Representative is SBF of your Concerns						Total
	1 - Does Not Represent At All	2 - Not Representative	3 - Somewhat Not Representative	4 - Somewhat Representative	5 - Representative	6 - Highly Representative	
Services	4%	14%	17%	49%	16%	0%	100%
Construction, Property & Real Estate	5%	8%	11%	58%	17%	1%	100%
Trading	7%	12%	19%	44%	17%	1%	100%
Manufacturing	3%	10%	18%	48%	20%	1%	100%
Logistic & Transportation	4%	8%	22%	51%	14%	1%	100%
Oil & Gas	2%	9%	13%	57%	15%	4%	100%
Banking & Insurance	10%	13%	10%	45%	19%	3%	100%
IT	0%	6%	26%	53%	15%	0%	100%
<b>Overall</b>	<b>4%</b>	<b>11%</b>	<b>17%</b>	<b>50%</b>	<b>17%</b>	<b>1%</b>	<b>100%</b>

*Table 58: SBF's Representation of Your Concerns by Business Sector*

Press Statements on recommendations on Budget 2013 (17%) and on Haze in June 2013 (13%) were feedback to be more useful.

On the other hand, awareness on SBF-DP SME Index (68% unaware) and Position Paper on Population (61% unaware) could be worked on.

<b>Initiatives or Press Releases</b>	<b>Aware</b>	<b>Not Aware</b>	<b>Useful</b>	<b>Not Useful</b>	<b>Total</b>
<b>Setting up SME Committee (SMEC)</b>	31%	53%	10%	6%	100%
<b>Position Paper on Population</b>	24%	61%	9%	6%	100%
<b>Press Statements &amp; Responses on Population White Paper</b>	28%	55%	10%	7%	100%
<b>Press Statement on Recommendations on Budget 2013</b>	38%	41%	17%	4%	100%
<b>Press Statement on Haze in June 2013</b>	32%	49%	13%	6%	100%
<b>SBF-DP SME Index</b>	18%	68%	8%	6%	100%

*Table 59: Awareness/ Usefulness of Initiative or Press Releases*

## 13. CONCLUSION

There is an increase in the confidence outlook of SBF members. Further stabilisation of the global macroeconomic environment, coupled with the Ministry of Trade & Industry's revised upward forecast of the Singapore economy to grow by 3.5% to 4% in 2013, bring about an increase in business optimism among companies.

Key concerns pertaining to high business costs remain in the minds of the companies. Notably, human resource and high rental costs are the most common issues of concern for SBF members. The Ministry of Manpower reported an overall unemployment rate of 1.8% for the third quarter of 2013. This tight labour market situation, coupled with the recent changes to government policies in regard to foreign workers, caused high labour cost to remain as the top challenge for companies. Rental cost has also remained as a significant issue of concern among SBF members. In the midst of these rising business costs, it is reassuring to note that companies are still profitable. Notwithstanding that, the government can look into these two cost concerns and provide more help to the local business community.

It is heartening to note that in line with the increased business optimism, there is a slight rise in the number of SBF members that would seek financing for their businesses. However, majority of these companies still do not intend to seek bank financing. With the government imposing higher capital requirement on banks, financial institutions appear to be more cautious in their lending terms. Survey results show that SBF members are feeling the heat from more expensive bank loans and more collaterals required for similar financing.

The ASEAN Economic Community (AEC) is the goal of regional economic integration by 2015. It will transform ASEAN into a region with free movement of goods, services, investment, skilled labour, and freer flow of capital. This will translate into greater opportunities in terms of regional sourcing, business connectivity, talent hunting and many more. It is hoped that AEC will benefit the local business community, and we are keen to know how it might affect SBF members. There is some concern as most SBF members have only a basic knowledge or no knowledge of AEC at all. Given that, they may not see and may miss out on the opportunities that can

arise from it. SBF can play a more active role in creating the awareness of the AEC among members and the business community as a whole.

It is encouraging to note that on the whole, Budget 2013 has worked well. More SBF members have found this year's Budget useful, with more than one quarter of the members having benefitted from it in terms of actual business cost savings. While this year's Budget has helped companies to lower their business cost, we believe more can be done in some areas of concern, especially pertaining to manpower and rental costs.

Last but not least, SBF members' overall satisfaction level with the federation's services and support has continued to increase this year. In addition, more than two thirds of the members have found SBF to be largely representative of their concerns. The positive feedback on Budget 2013 and the better satisfaction level of SBF members are reflections that SBF is able to more correctly identify issues and gaps in the business community.



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