



SME COMMITTEE

BUDGET 2015 RECOMMENDATIONS AT A GLANCE

The SBF-led SME Committee (SMEC) has submitted Budget recommendations annually, raising issues and challenges faced by SMEs during this difficult period of economic restructuring. SMEC is encouraged by the attention Government has given, and the adoption of several of its recommendations in the respective Budgets. SMEs as a whole have benefitted from these Budget measures and the various schemes implemented such as the 3-year Transition Support Package.

Throughout 2014, SMEC continued to engage with SMEs, Trade Associations and Chambers (TACs) and practitioners, as well as consulted with relevant government agencies to gather feedback in particular how SMEs are coping with the transformation process.

In these Recommendations for Budget 2015, SMEC urges the Government to focus on the following areas to accelerate the development of the SME sector:

1 SME Development Strategy

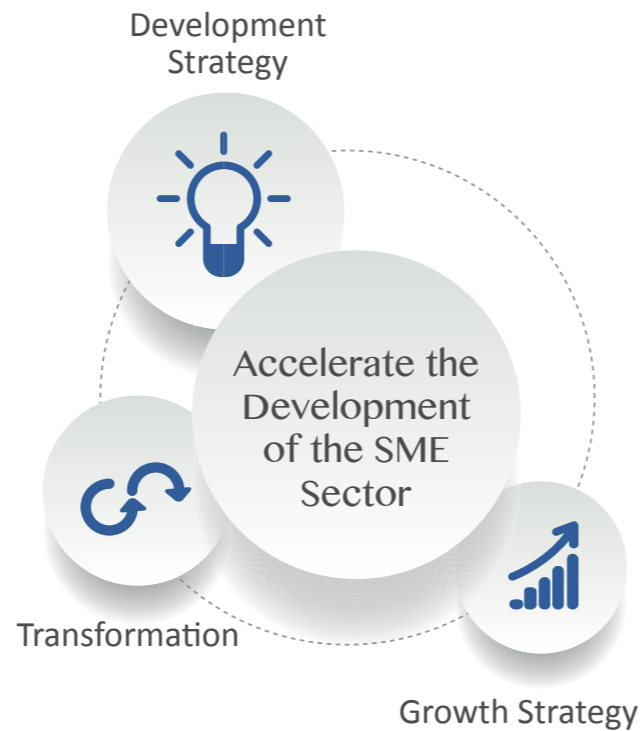
Adopt a more holistic approach in SME development where the interests of local enterprises are at the centre of economic strategies across whole-of-government

2 SME Transformation

Implement targeted measures to help SMEs, particularly those in domestic-oriented sectors that are still grappling with the challenges of transformation

3 SME Growth Strategy

Help SMEs grow through overseas expansion, innovation and collaboration, recognising that the business environment is increasingly competitive



Budget Considerations

Restructuring Pains

At the halfway mark of Singapore's economic restructuring, where productivity growth remains weak, *SMEs continue to face challenges* of tightening manpower, demand for high wages, escalating business costs and increasing competition.



Growing the Second Wing

Given existing constraints, there is an increasing impetus for SMEs to adopt *overseas expansion* as a key growth strategy, especially amidst a robust, expanding regional market and a fast-recovering global economy.



A Pro-SME Ecosystem

Business leaders and representatives from trade associations and chambers voiced the need for the Government to be *more responsive* to SMEs' needs across a spectrum of areas, as well as for Government policies to *better address key concerns* highlighted by the business community.



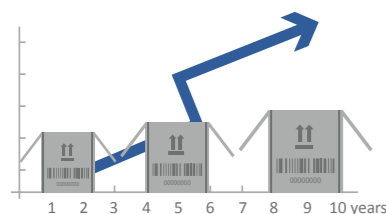


SME DEVELOPMENT STRATEGY

Economic Strategies Committee (ESC) Recommendations

- Review plans under ESC 2010 to assess the performance and continued relevance of the strategies to raise productivity and grow SMEs into global companies
- Identify industries that Singapore has the potential to become global leaders and implement strategies to help SMEs in these sectors develop into global players.

SME Data

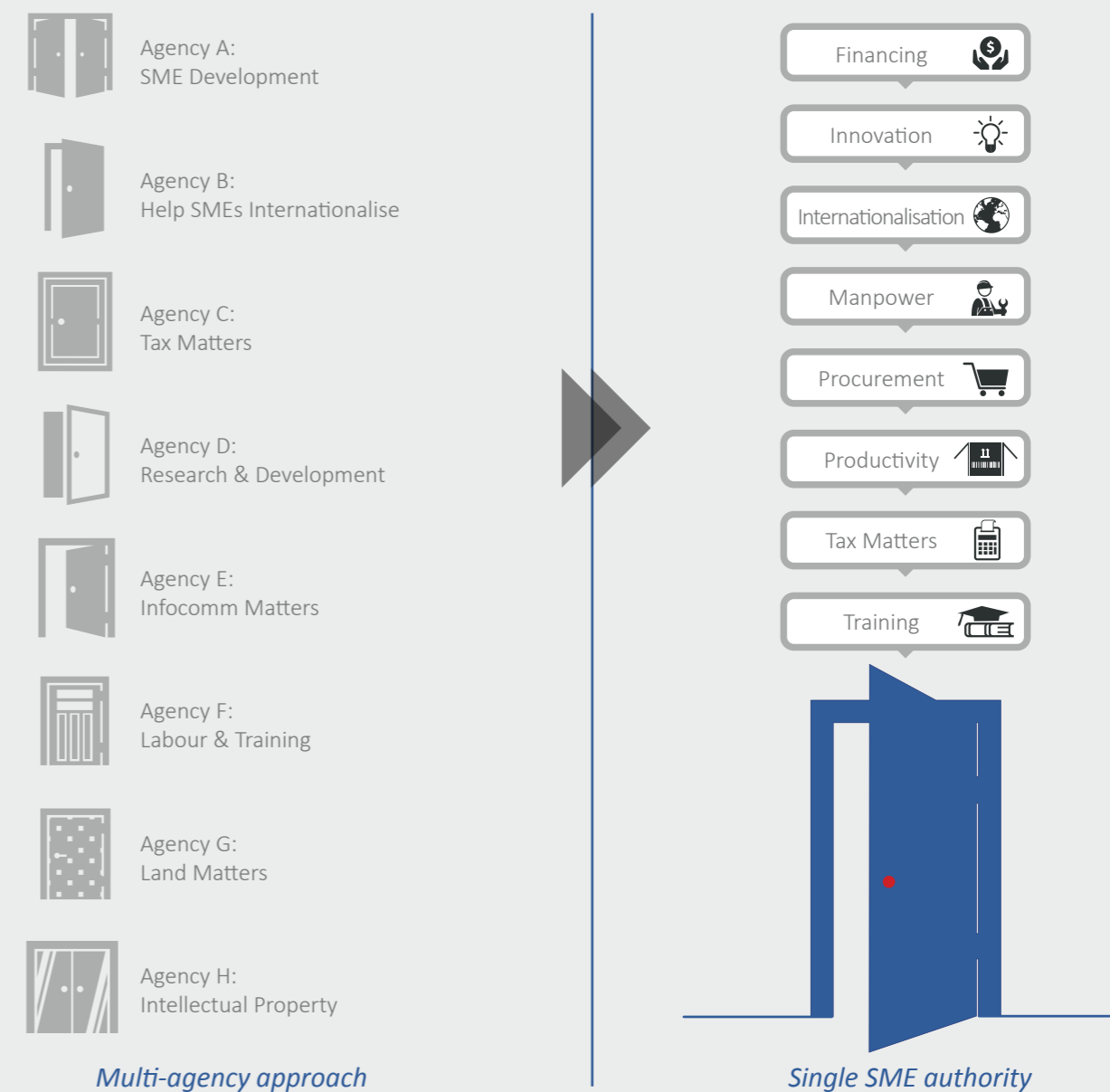


Provide more comprehensive and coordinated SME data for better monitoring and assessment of overall SME health.

Single SME Authority

Place SME development at the centre of economic strategies with a view to help more SMEs develop into globally competitive players and provide a more comprehensive and coordinated approach towards managing SME issues and policy implementation by:

- Studying the need to establish a single SME authority empowered to champion SME development and drive the SME agenda across whole-of-government
- OR
- Empowering an existing government agency for this role





SME TRANSFORMATION



Tax & Fiscal Support

- Productivity and Innovation Credit (PIC) Bonus
 - Extend PIC Bonus to YA2018
- Research and development (R&D) claims under PIC
 - Adjust PIC R&D qualifying requirements to include more development-based activities for SMEs
 - Convene panel of relevant experts to hear appeals for PIC R&D claims

Financing



- Restructuring Loan Scheme
 - Introduce a Restructuring Loan Scheme with loan quantum of up to \$3 million
- Competitive interest rates for government loan programmes
 - Adopt interest rates pegged at more equitable rates compared to commercial banks and enhance risk-sharing amongst stakeholders to lower financing costs

Cost of Doing Business



- Equitable rental terms
 - Government landlords to lead adoption of the Fair Tenancy Framework
- Medical costs for older employees
 - Provide financial assistance for SMEs to migrate to portable medical benefits for employees
- Shared Services
 - Continued support to trade associations and chambers' development of shared services
 - Replicate Government Electronic Business (GeBIZ) infrastructure as a separate system operated by a TAC/entity, for private sector business-to-business transactions



Manpower and Productivity

- Wage Credit Scheme (WCS)
 - Extend WCS to YA2018 for SMEs only
- Productivity Measurements
 - Develop supplementary productivity indicators for specific sectors that will more accurately reflect productivity of the sector
- Foreign Worker Levies
 - Hold back on further planned increases in foreign worker levies
 - Remove foreign worker levy for S Pass holders
- Job Flexibility Scheme (JFS)
 - Expand JFS to allow cross deployment of workers between companies under the same management

Sectors with Specific Needs



- Infocomm Technology (IT) Talent
 - Support special programme to enhance career development and career progressions for IT professionals
 - Give technology and IT start-ups special considerations for prevailing qualifying salary criteria
 - Create a new category of skills-based work passes for IT talent and ease foreign worker quota and levies for IT professionals
- Maintaining Service Levels in Hospitality and Tourism Industries
 - Update source countries to include other countries like Myanmar and Philippines
- Student Pass Holders as Supplement Workforce
 - Expand approval of part-time employment to foreign students enrolled at the Council for Private Education's (CPE) EduTrust-certified institutions
- Long Term Visit Pass (LTVP) for Foreign Students
 - Extend LTVP to foreign students of EduTrust-certified vocational institutions that provide specialised skills or special vocation training
- Man-Year Entitlement (MYE) for the Construction Sector
 - Allow companies to aggregate all unfulfilled period of MYE to be used cumulatively for extension or application of work passes
- Recognition and Upgrading of Safety Personnel in Safety-Related Occupations in the Construction Sector
 - Upgrade status of workers in safety-related occupations from "R2" to "R1"
- Construction Hubs
 - Provide one or more Construction Hubs for storage of precast components and machinery



Internationalisation

ASEAN Economic Community (AEC) 2015

- Work through trade associations and chambers to step up efforts to raise SMEs' AEC awareness and knowledge
- Enhance and strengthen operations of IE Singapore's overseas centres in selected ASEAN countries

Overseas Expansion Assistance Programmes

- Enhance IE Singapore's Global Company Partnership (GCP):
 - Raise turnover ceiling for in-market sales support to \$200,000 and allow multiple claims for new businesses in large markets
 - Lower the shareholding requirement in target companies for mergers and acquisition (M&A) assistance to 30%
- Extend support under IE Singapore's International Marketing Activities Programme (iMAP)
- Lower threshold for IRAS' Mergers and Acquisitions (M&A) Allowance to 30%

Foreigner Training Schemes

- Exempt Training Employment Pass (TEP) & Training Work Permit (TWP) from prevailing quota, levy and salary conditions, and for trainees to be brought in over and above companies' dependency ratio ceilings (DRC), with number of trainees capped at 20% of companies' DRCs



Innovation

eCommerce

- Introduce specific category under iSPRINT¹ for eCommerce

Crowdfunding and Other Financing Platforms

- Accelerate development of crowdfunding and other platforms such as peer-to-peer lending

A*STAR Headstart Programme

- Raise exclusivity for foreground intellectual property (IP) generated to 36 months

Align Support Measures Across the Innovation Chain

- Extend Technology Enterprise Commercialisation Schemes (TECS) eligibility criteria to all SMEs
- Allow Capability Development Grant (CDG) fast-track facilitation for SMEs that have received Innovation & Capability Vouchers (ICVs) for the first phase of their innovation projects



Collaboration

Industry Collaboration

- Incentivise large local enterprises to partner SMEs for overseas projects through tax credits or special tax rebates



¹ iSPRINT stands for the "Increase SME Productivity with Infocomm Adoption & Transformation" scheme.

SMEC MEMBERS

ABOUT SMEC

SMEC Committee

Advisor		
Mr Teo Ser Luck	Minister of State	MTI
Chairman		
Mr Lawrence Leow	Chairman & CEO	Crescendas Group
Members		
Mr Teo Siong Seng	Chairman	SBF
Mr Tony Chew	Immediate Past Chairman	SBF
Mr Kurt Wee	President	ASME
Mr Lau Tai San	Vice President	SCCCI
Mr R. Ponnampalam	Vice Chairman	SICCI
Mr Abdul Rohim Sarip	Immediate Past President	SMCCI
Mr Douglas Foo	President	SMF
	Council Member	SNEF
Mr George Huang	Immediate Past President	SMF
Mr Linus Goh	Member	ABS
Dr Ho Nyok Yong	President	SCAL
Mr Ernie Koh	President	SFIC
Mr Roderick Chia	Member	SITF
Mr Stanley Lim	Chairman	SLA
(The Late) Mr Quek Keng Liang	Immediate Past Chairman	SLA
Dr Ricky Souw	Council Member	SPETA
Mrs Wong Sioe Hong	Vice President	SRA
Ms Susan Chong	CEO	Greenpac (S) Pte Ltd
Ms Nanz Chong-Komo	Founder	Nanz Inc Group Pte Ltd
Mr R Dhinakaran	Managing Director	Jay Gee Melwani Group
Ms Cynthia Phua	Executive Vice President	Singbridge Corporate Pte Ltd
Mr Melvin Tan	Managing Director	Cyclelect Group
Mr Glennle Sim	Executive Chairman & CEO	Mencast Holdings Ltd

SMEC Sub-committee on Cost of Doing Business

Mr Kurt Wee	Chairman	Sub-committee
Mrs Wong Sioe Hong	Vice-Chairman	Sub-committee
Dr Dora Hoan	Past President	ASME
Mr Benjamin Tan	Treasurer	SCAL
Mr Desmond Hill	Council Member	SCAL
Mr Jeremy Fong Sue Fun	Chairman	SPETA
Ms Cynthia Phua	Executive Vice President	Singbridge Corporate Pte Ltd
Mr Tay Hong Beng	Partner, Head of Tax	KPMG Singapore

SMEC Sub-committee on Financing

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

SMEC Sub-committee on Innovation

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Mr Roderick Chia	Vice-Chairman	Sub-committee
Mr Mark Lee	President	TaFF
Dr David Chew	Executive Chairman	Stratech Systems Ltd
Ms Nanz Chong-Komo	Founder	Nanz Inc Group Pte Ltd
Mr Bill Liu	Managing Partner	Stream Global Pte Ltd
Mr Eugene Tan	Managing Director	XentiQ Pte Ltd
Dr Govindharaju Venkidachalam	Director	Hyflux Ltd
Ms Audrey Yap	Managing Partner	Yusarn Audrey

SMEC Sub-committee on Internationalisation

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Mr Abdul Rohim Sarip	Vice-Chairman	Sub-committee
Mr Douglas Foo	President/Council Member	SMF/SNEF
Mr Andrew Khng	Immediate Past President	SCAL
Mr Ernie Koh	President	SFIC
Mr Kelvin Chia	Senior Partner	Kelvin Chia Partnership
Mr Low Cheong Kee	Managing Director	Home-Fix DIY Pte Ltd
Mr William Tay	Executive Chairman	CAST Laboratories Pte Ltd

SMEC Sub-committee on Manpower and Productivity

Ms Susan Chong	Chairman	Sub-committee
Mr Tan Jit Khoon	Vice-Chairman	Sub-committee
Mr Ang Kiam Meng	Immediate Past President	RAS
Mr Erman Tan	President	SHRI
Mr Kay Kong Swan	Deputy Chairman	SLA
Mr Dennis Foo	President	SNBA
Mr Low Ming Wah	Deputy Chairman	SPETA
Mr R Dhinakaran	Vice President	SRA

SME Committee

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

With growing challenges that SMEs face in the evolving local business environment and global economic climate, the SMEC aims to function as a key platform for engagement between the SME community and policymakers to discuss, research and analyse SME business issues to effect business-friendly policies in Singapore. The SMEC also aims to look ahead of trends and developments that impact business sentiments and growth, by leveraging on SBF's position as the APEX business chamber to facilitate its work as an issue-focused outreach and feedback channel.

The SMEC is made up of the Main Committee and 5 Sub-committees, namely:



Cost of Doing Business



Financing



Innovation



Internationalisation



Manpower & Productivity

Singapore Business Federation

As the apex business chamber, the Singapore Business Federation (SBF) champions the interests of the business community in Singapore in trade, investment and industrial relations. SBF acts as the bridge between the government and businesses in Singapore to create a conducive business environment. Internationally, SBF represents the business community in bilateral, regional and multilateral for the purpose of trade expansion and business networking.

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

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