

SBF-led SME Committee (SMEC) Recommendations for Budget 2014

In its Budget 2014 recommendations, the SMEC calls for Government to adopt a targeted approach, with focus on SMEs in three situations:

- I. **Growth SMEs** - Government should help SMEs revitalise their appetite for growth and expansion. It proposes the following measures:

GROWTH MEASURES	
1.	Align support measures across the innovation chain
2.	Better SMEs access to technologies from public research institutes
3.	Growing a thriving ecosystem of innovation enablers in the private sector
4.	Build platforms to encourage public-private partnerships for innovation projects
5.	Enhance the M&A Allowance scheme for overseas growth
6.	New forms for SME financing

- II. **SMEs in Survival** - Introduce measures to help SMEs struggling to survive across the following areas of manpower and related costs, rental and business space, productivity improvement, transportation needs, financing and capital requirements as listed below:

MEASURES FOR SME SURVIVAL	
7.	Supporting healthcare benefits to employees
8.	Medical costs for older employees
9.	Job Flexibility Scheme (JFS)
10.	Productivity and Innovation Credit (PIC)
11.	More affordable industrial space needed
12.	JTC lease renewal process
13.	More equitable rental terms
14.	Mitigate escalating cost for moving goods
15.	Improving SMEs' access to working capital

- III. **SMEs in Sectors with Special Needs** - giving special assistance to SMEs in the Construction, Retail and F&B services sectors which have been more severely impacted by rising costs and tightening of manpower policies.

SECTORS WITH SPECIAL NEEDS	
16.	Attracting locals to the sectors
Construction sector –	
17.	Critical impact of adequate Man-Year Entitlements (MYE)
18.	Period of employment of experienced foreign workers
19.	Greater emphasis of foreign workers engaged in safety-related trades
20.	Expand the Multi-Skilling Scheme
21.	Core Trade certified foreign workers
22.	Affordable foreign workers dormitories for businesses
Retail and F&B services sectors –	
23.	Source countries for foreign manpower
24.	Student Pass holders as supplement workforce
25.	Enhancing on-the-job training support schemes for Retail and F&B services

Further to the above targeted recommendations, SMEC urges the Government not to introduce any more measures that would exacerbate the already harsh conditions that SMEs are currently facing and to allow more time for restructuring.

“In this year’s Budget recommendations, SMEC is proposing to the Government to take a more targeted approach, with the key focus to help SMEs revitalise their appetite for growth and expansion through innovation, internationalisation and access to financing. We recommend the Government to review regulations and encourage the development of a thriving ecosystem of innovation and financing in the private sector” said Mr Lawrence Leow, Chairman of SMEC.

“Many of the past Budget measures are focused on tackling business issues such as reducing costs. While these are important for many companies, they are not enough. We would like to see a shift of Budget priority to help companies increase their revenue. Asia is growing and there is no reason why our companies cannot grow in tandem. Government assistance by way of innovation support, financing and helping our companies access overseas markets will be very welcomed,” said Mr Melvin Tan, Chairman of SMEC Innovation Sub-Committee.