



# **SME COMMITTEE (SMEC) BUDGET 2018 RECOMMENDATIONS**

SUMMARY REPORT

# OVERVIEW

In the current knowledge-based economy, technology and innovation are differentiators that will play increasingly larger and more important roles in businesses. The brightening global growth prospects presents opportunities for SMEs to expand their business and grow their revenues.

The recommendations for Budget 2018 are split into three sections:

- I) Growth Strategies - Harvesting Transformation Efforts
- II) Relevant Past SMEC Recommendations
- III) Broad-based Support

Section I focuses on growth strategies to help companies ride on the momentum of industry transformation brought about by the government's launch of the Industry Transformation Maps (ITMs), to grow their business both locally and internationally.

Section II includes some previous recommendations that have not yet been adopted but which the SMEC opines as relevant in the current context and worth another look.

Section III contains broad-based support that will give a tailwind to SMEs' industry transformation efforts, and are derived from a cumulation of the SMEC's engagement efforts with the business community, as well as from surveys and reports relevant to doing business in Singapore.

# THE SMEC IN NUMBERS



7<sup>th</sup>

Edition of its Budget Recommendations



151

Recommendations Between 2012 to 2018



68

Representatives from Businesses, TACs and Government



5

Sub-committees Focusing on Business Issues

# ABOUT THE SMEC

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

With the growing challenges that SMEs face in the evolving local and global business environment, the SMEC aims to function as a key platform for engagement between the SME community and policymakers to discuss, research and analyse SME issues to effect business-friendly policies and initiatives that boost SME development.

The SMEC also targets to adopt a forward-looking view on 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 a Main Committee and five Sub-committees, namely: Cost of Doing Business, Financing, Innovation, Internationalisation, and Manpower & Productivity.

# **SECTION I: GROWTH STRATEGY HARVESTING TRANSFORMATION EFFORTS**

## **Private Sector as Co-Driver of Globally Competitive Companies/Unicorn Development**



Devise schemes to make Singapore an attractive hub for unicorns and investors to set base here by:

1. Designing incentives to attract start-ups with the potential to be unicorns to set up base or relocate to Singapore.
2. Incentivising private companies to invest or co-invest in potential unicorns through grants and tax incentives, and providing tax deductions and rebates for private companies that ended up with failed investments.

To benefit Singapore companies and Singapore residents, the schemes should incorporate criteria such as:

- i. A minimum Singaporean equity stake in the potential unicorn company of say, 30 percent.
- ii. Requiring the unicorn company to house its headquarters, research and development, Intellectual Property (IP) holding and other key functions in Singapore.
- iii. Creation of jobs good for the Singapore economy and Singaporeans.

## **Promote Partnerships between Large Companies and SMEs**



1. Provide tax or other incentives specifically for projects with substantial SME involvement to induce and promote partnerships and collaborations between large companies and SMEs on overseas ventures.
2. Instate a Presidential Award to recognise companies that have made significant contributions towards the partnership efforts of large companies and SMEs, especially in the area of internationalisation.

## **Leveraging on ITMs to Internationalise**



The government could include as a component of the industry ITMs, market intelligence and information to help businesses grow their revenue and explore new markets.

# **SECTION I: GROWTH STRATEGY HARVESTING TRANSFORMATION EFFORTS**

## **More Research and Development (R&D) and Technology Commercialisation Support in Identified Growth Industries and ITMs**

1. Public Research Institutes (PRIs) and ITM agencies to forge deeper partnerships to provide technological support and advice to SMEs.
2. Provide more R&D funding support to local businesses in identified growth sectors through the ITMs.
3. Enhance the accessibility and expand the services provided by Centres of Innovation (COIs) to help SMEs with technology application.

## **Trade Association and Chambers (TACs) as IP Aggregators for Member Companies**

The government to conduct a feasibility study and initiate a pilot scheme on TACs as IP aggregators.

# **SECTION II: RELEVANT PAST SMEC RECOMMENDATIONS**

## **Asset Protection for Business Continuity**

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

## **IP Financing Scheme for IP Acquisition**

Expand the Intellectual Property Financing Scheme (IPFS) to include IP acquisition financing for IP assets and the acquisition of IP-owning companies.

# SECTION II: RELEVANT PAST SMEC RECOMMENDATIONS

## **Internationalisation: Overseas Market Support**

Provide financial support to TACs to connect and formalise their working relationship with selected overseas-based Singapore business groups and equip TACs with the necessary resources to establish a network that provides assistance to businesses that are venturing into or operating in the overseas markets.

## **Enhancement to Support Schemes for Internationalisation**

1. The government could consider expanding the type of supported common costs to companies that participate in overseas missions and trade shows.
2. For IE Singapore's Global Company Partnership (GCP) programme:
  - i. Increase the maximum sales turnover criteria from \$100,000 to \$300,000 in the definition of new markets.
  - ii. Increase support quantum from \$100,000 a year to \$300,000 over two years.

## **Increase the Number of Source Countries of Foreign Workers**

The government could consider reviewing the source countries for work permit holders in certain sectors and industries, which will still require physical manpower and are of less appeal to the Singapore workforce.

# SECTION III: BROAD-BASED SUPPORT

## **Easier Access to Government Schemes**

1. Enhance the Business Grant Portal (BGP) and SME Portal with new features to help SMEs better understand the grant application process and requirements.
2. The government could adopt a "multiple pathways to success" approach that considers different aspects of an SME's strengths beyond metrics such as years in operation and revenue in the grant eligibility criteria.

## **Introduce a Credits-based Scheme That Can Support Fundamental Adoption and Development of New Technology and Skills for Businesses**

The government could introduce a "Credits-based Scheme" similar to how the Productivity and Innovation Credit (PIC) supports SMEs in productivity and innovation, which focuses on helping companies adopt relevant technology to support their business and train their staff to upskill them to be future economy-ready, with additional criteria to prevent abuse of the scheme.

# SECTION III: BROAD-BASED SUPPORT

## **Patent Application Fund**

Provide funding support to SMEs in patent drafting and commercialisation-related expenses.

## **JTC Progressive Investment Criteria**

The renewal criteria of determining fixed asset investment could be more flexible and could take into account the progressive investments and investments in intangible assets that have been made over the existing period of lease.

## **Build Awareness of Government Procurement**

1. The government could raise SMEs' awareness and understanding of government procurement by:

- i. Establishing stronger communication channels and outreach efforts to businesses, particularly the registered GeBIZ Trading Partners.
- ii. Partnering TACs for outreach activities on government procurement.

2. Government Procurement Entities (GPEs) could introduce more outcome-base procurement practices that allow for alternative solutions to be adopted for government tenders.

## **Enhance Feedback to SMEs That Participated In Government Tenders and Quotations**

Study the feasibility of introducing a government procurement scorecard to be sent to all bidders containing relevant and useful information.

## **Consortium Bidding**

1. Introduce clear guidelines to inform SMEs of the regulations of consortium bidding.
2. Create awareness and promote the benefits of consortium bidding.
3. Government could recognise the joint track records of firms that participate in projects as a consortium.

## **Voluntary Supplier Payment Code**

Government to support the establishment of a voluntary Supplier Payment Code in Singapore (to help drive payment timeliness in the Singapore business landscape) and adopt the Code for its payment to its suppliers.

# SMEC MEMBERS

## Main Committee

### Advisors

Ms Sim Ann	Senior Minister of State	Ministry of Trade & Industry
Mr Teo Ser Luck	Chairman	BRC Asia Ltd
	Chairman	Nufindata Pte Ltd
	Deputy Chairman	Serial Systems Ltd
	Board Director	United Engineers Ltd

### Chairman

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

Mr Melvin Tan	Managing Director	Cyclelect Group
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### Members

Mr Teo Siong Seng	Chairman	SBF
Mr Abdul Rohim Sarip	Immediate Past President	SMCCI
Mr Casey Kesavan	Council Member	SICCI
Mr Dennis Foo	President	SNBA
Ms Donna Lee	President	FLA
Mr Douglas Foo	President	SMF
	Council Member	SNEF
Mr Ernie Koh	President	SFIC
Mr Kenneth Loo	President	SCAL
Mr Kurt Wee	President	ASME
Mr Lau Tai San	Chairman & Managing Director	Kim Ann Engineering

	Senior Honorary Council Member	SCCCI
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Mr R Dhinakaran	President	SRA
Dr Ricky Souw	Immediate Past Chairman	SPETA
Mr Roderick Chia	Member	SGTech
Mr Stanley Lim	Chairman	SLA
Mr Ooi Tiat Jin	Chairman, SME Committee	SCIC
Mrs Wong Sioe Hong	Vice President	SRA
Ms Audrey Yap	Managing Partner	Yusarn Audrey
Mdm Cynthia Phua	Consultant	ASME
Mr Linus Goh	Head, Global Commercial Banking	OCBC Bank

Mr Saktiandi Supaat	Executive Vice President	Maybank Group
Ms Susan Chong	CEO	Greenpac (S) Pte Ltd

## Sub-committee on Cost of Doing Business

### Chairman

Mr Kurt Wee	President	ASME
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### Vice-Chairman

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

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

## Sub-committee on Financing

### Chairman

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

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

## Sub-committee on Innovation

### Chairman

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

Mr Mark Lee	President	TaFf
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### Members

Dr Ricky Souw	Immediate Past Chairman	SPETA
Mr Roderick Chia	Member	SGTech
Mr Ryan Chioh	Honorary Secretary	SMF
Mr Adrian Long	General Manager	V3 Smart Technologies Pte Ltd
Ms Annie Tan	Director	TSK Foods Pte Ltd
Mr Christopher Ng	Group CEO	Rigel Technology (S) Pte Ltd
Mdm Cynthia Phua	Consultant	ASME
Mr Eugene Tan	Managing Director	XentiQ Pte Ltd
Dr Govindharaju Venkidachalam	Director	Hyflux Ltd
Mr Melvin Tan	Managing Director	Cyclelect Group
Mr Tan Jit Khoon	Chief Executive Officer	Winson Press Pte Ltd
Mr Victor Tay	Chief Devt Officer	NTU
Mr Carlos Fernandes	Chief Executive Officer	RecordTV Pte Ltd

## Sub-committee on Internationalisation

### Chairman

Mr Lau Tai San	Chairman & Managing Director	Kim Ann Engineering
	Senior Honorary Council Member	SCCCI

### Vice-Chairman

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

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

## Sub-committee on Manpower and Productivity

### Chairman

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

Mr Dennis Foo	President	SNBA
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### Members

Mr Ang Kiam Meng	EXCO Member	RAS
Mr Danny Lien	President	SASS
Mr Erman Tan	President	SHRI
Mr Jeffrey Yu	Council Member	SCAL
Mr Kay Kong Swan	Deputy Chairman	SLA
Mr R Dhinakaran	President	SRA
Ms Adele Png	Head of Talent Acquisition	Takeda
Mr Foo Chek Wee	Talent Partner	Riot Games
Mr Francis Koh	Regional CEO - SEA	TS Kelly Asia Pacific
Mr Chan Wing Kai	Director	Seed Global Investment
Mr Kwa Kim Chiong	Chief Executive Officer	Justlogin Pte Ltd
Mr Paul Lim	Director	Fidelium Capital
Ms Pearl Yu	Director	Keystone Cable Pte Ltd

## Rental Practices Working Group (RPWG)

### Chairman

Mdm Cynthia Phua	Consultant	ASME
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### Members

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

## Government Procurement Working Group (GPWG)

### Chairman

Mr Andrew Khng	Director	Tiong Seng Contractors
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### Members

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

## SMEC Secretariat

Mr Ho Meng Kit	Chief Executive Officer, SBF
Ms Joanne Guo	Assistant Executive Director, SBF
Mr Alan WW Tan	Director, SME Committee, SBF
Mr Lai Wei Bing	Deputy Director, SME Committee, SBF
Mr Lin Guoliang	Deputy Director, SME Committee, SBF

## About Singapore Business Federation (SBF)

As the apex business chamber, SBF champions the interests of the business community in Singapore in trade, investment and industrial relations. Nationally, 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 fora for the purpose of trade expansion and business networking.

For more information, please visit: [www.sbf.org.sg](http://www.sbf.org.sg)

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