

**SPEECH BY MR CHEE HONG TAT,
SENIOR MINISTER OF STATE FOR TRADE AND INDUSTRY,
DURING MINISTRY OF TRADE AND INDUSTRY (MTI)'S
COMMITTEE OF SUPPLY DEBATE,
ON TUESDAY, 3 MARCH 2020**

Emerging Stronger – “Stronger through Transformation”

Mr Chairman,

1. Last year, I spoke about the three “Ups”:
 - **Level Up**, to strengthen enterprise and workforce capabilities;
 - **Scale Up**, to help enterprises grow locally and abroad; and
 - **Team Up**, to enable enterprises to achieve better outcomes together.
2. Let me update Members on our progress, beginning with Level Up.

Level Up

3. Our enterprise development schemes provide holistic support to firms of different sizes and at different stages of growth. They improve businesses’ and workers’ productivity, help them to harness technology, innovate, upgrade their skills, and internationalise.

SkillsFuture Enterprise Credit

4. Members have highlighted that successful enterprise transformation must go hand-in-hand with skills upgrading and workforce training. I fully agree.
5. DPM mentioned in the Budget Statement that we are introducing the **SkillsFuture Enterprise Credit**. Each eligible employer will be given \$10,000 in credits, valid for 3 years from 1 April 2020, to cover up to 90% of out-of-pocket expenses for enterprise and workforce transformation programmes. This will benefit over 35,000 enterprises, which hire more than 1.5 million local workers.
6. How can firms benefit from the credit?

7. They can offset out-of-pocket costs for transformation projects. This is over and above the 70% co-funding support under the Enterprise Development Grant and Productivity Solutions Grant.
8. They can also use the credit to help them redesign jobs under the **enhanced Productivity Solutions Grant**, and redeploy workers to more productive and meaningful roles.
9. Third, firms can use the Credit to send their workers for approved training courses, including Design-related courses.

Design Capability

10. Sir, good design matters to all businesses and industries.
11. I agree with Mr **Henry Kwek** that our workers can benefit from these skills. The value of Design goes beyond aesthetics. Like technology, Design is a critical enabler for innovation and value creation.
12. Design-led approaches can help to solve complex issues and drive business transformation. Companies like Apple and Dyson have pioneered superior technology, but what makes them stand out is their ability to integrate technology with innovative human-centric design.
13. The DesignSingapore Council (Dsg) is now part of EDB and the MTI family. Dsg launched the Skills Framework for Design last year together with SSG and WSG.
14. We will form the **Design Education Advisory Committee** on 1 April to enhance Design skills training for our workforce. It will be chaired by Mr Low Cheaw Hwei, Head of Design at Philips. This will complement existing Design courses offered by our Institutes of Higher Learning and training providers.

Existing Support

15. These add to our existing initiatives to help companies. For example, a traditional logistics SME can:
 - Benefit from free subscription under the Start Digital pack for six months, to access more customers through digital marketing and e-commerce;
 - Receive up to \$30,000 in support from the Productivity Solutions Grant to implement inventory and fleet management solutions;

- Enjoy up to \$100,000 from the enhanced Market Readiness Assistance programme for each new market the business is expanding into;
 - And also receive SkillsFuture support for up to 90% of course fees to upskill their employees.
16. Associate Professor **Walter Theseira** asked about the impact of such schemes on Singapore's productivity.
 17. We believe enterprise transformation must start with what the business wants to achieve, what problems it wants to solve, and what capabilities it needs to build to reach its goals. The assistance to companies must be enterprise-centric and transformation-focused, based on their needs.
 18. Our approach has achieved good outcomes so far. Enterprise Singapore supported more than 13,000 projects from over 11,000 enterprises last year. These will generate \$17.3 billion in value-add and create 21,700 new PMET jobs, and also positive outcomes for existing workers.
 19. Productivity improvement, innovation, and internationalisation remain important pillars of our economy; and we must press on with these efforts. In doing so we will regularly review our policies and schemes, and we will continue to engage economists in the private sector and academia.

Scale Up

20. I shall move to the second 'Up', **Scale Up**.
21. We will help businesses to expand locally and overseas. **Mr Charles Chong** asked how SMEs can improve their awareness of the support available, and interact easily and efficiently with the Government.

Improving Broad Based Support for Enterprises

22. Minister Vivian spoke about the GoBusiness Licensing portal, a collaboration between the Pro-Enterprise Panel, GovTech and SNDGO, It provides a simpler, faster, and better way for food services companies to apply for all relevant licences. It is not just about using IT, but as Minister Vivian explained , to re-engineer our rules and procedures, make them more efficient, more pro-business, and save businesses time and money.
23. We are further developing GoBusiness to be the platform for enterprises to transact with the Government. We will include other sectors like retail.

24. For example, applying for the change-of-use licence is one challenge faced by many retail businesses. They may not know which agency to approach, and the type of business activities already permitted in their premises. Through GoBusiness, a company will be able to check such information by entering its postal code. The company need not apply for a licence if the activity is already permitted. This will save time and money. If a licence is required, the company can proceed to do so through the portal.
25. The platform will also integrate other transactions beyond licensing, such as helping entrepreneurs to start new businesses and seek government assistance.
26. We will introduce an **e-adviser**. This is a joint project by MTI, GovTech and SNDGO, in collaboration with SME Centres and businesses. Instead of going through multiple sources to gather information on different government schemes, a company can visit the portal and answer a set of questions. The e-adviser will then recommend suitable schemes, based on what the company needs.

Improving Advisory Support for SMEs

27. Those who require further assistance can meet with a Business Advisor at an SME Centre. In 2019, the SME Centres assisted over 28,000 companies.
28. We will **enhance our SME Centres** as partners for business growth, to provide more in-depth support for promising SMEs. Business Advisors will work with these enterprises to develop long-term business plans, and chart the next steps together.

Customised Support for Promising SMEs

29. Mr **Teo Ser Luck** asked about the selection criteria for Scale-up SG. Scale-up SG is for companies of different sizes and industries – we have companies from F&B, cleaning and retail.
30. Besides a high level of commitment from the management team to embark on an ambitious growth plan, ESG will look at the company's track record, its commitment to grow its presence in Singapore, and the potential to create economic spin-offs for Singapore and to generate good jobs for Singaporeans.
31. Learning from the early success of Scale-up SG, ESG will launch a new **Enterprise Leadership for Transformation Programme ("ELT")** later this year. DPM touched on this as part of Budget 2020.

32. ELT is a 3-year pilot programme that supports business leaders of promising SMEs to achieve their next bound of growth. Mr **Douglas Foo** asked how the participants will be chosen. Companies may apply to the programme. Applicants will be selected based on their demonstration of ambition and commitment, and their growth potential.
33. ELT will be designed and delivered together with partners such as the IHLs, professional firms and banks. The programme lasts about a year and includes business coaching and practical learning components. Participating local enterprises will receive up to 90% funding support for their programme fees.
34. Mr Foo, who is also President of Singapore Manufacturing Federation, has suggested involving TACs as ELT partners. I welcome his suggestion. Indeed, the business networks of TACs will be very valuable, and can support peer learning and collaboration. We look forward to working with our TACs.

Team Up

35. This brings me to the third prong of our strategy – **Team Up**. We want companies to **Team Up** to build deeper capabilities and accelerate their growth.
36. One area is the review of government rules and regulations. Mr **Liang Eng Hwa** asked about our approach in doing so.

Fostering a Pro-Enterprise Environment

37. Over the years, the PEP has partnered industry, businesses and Government agencies to make close to 1,200 improvements in rules and regulations. These have reduced time, effort and costs for businesses, and improved our overall economic competitiveness. The PEP also partners TACs to organise Pro-Enterprise Clinics to identify regulatory pain points and support innovative ideas from businesses.
38. Earlier, SMS Koh mentioned SinFooTech. It is a food technology company which converts soy whey into alcoholic beverages. The company wanted to set up a research facility to experiment with new products. However, it faced high costs from distillery licence fees and excise duties.
39. PEP and Singapore Customs worked together with the company. After reviewing its proposal, Customs agreed that SinFooTech need not pay excise duties on its research products, as long as these are not sold commercially. This cost saving will be about \$90,000 over 6 months for the company.

40. Customs also extended its pro-rated licence fee framework for microbreweries to distilleries like SinFooTech. Instead of paying the annual licence fee of \$28,000, it can now pay a pro-rated licence fee of \$7,000 per quarter, quarter by quarter. If it wants to stop after one or two months because the experiment is not going well, it can get a refund for the remaining licence period. These features help to lower the entry cost for companies to try new ideas, and also reduce the exit cost if they decide to end their pilots early.
41. When we work together with businesses to review our rules and regulations, the improvements will benefit many other enterprises. They can launch innovative ideas more quickly and lower their operating costs. Government agencies also benefit from having more efficient and business-friendly rules.
42. We see our role as a gate-keeper; not as goal-keeper. What's the difference? A gate-keeper assesses the risk and decides who to let through and who to turn away. Whereas a goal-keeper's mission is to prevent all balls from getting through. If we block all new ideas that push against our existing regulatory boundaries or have a risk of failing, there will be no innovation.
43. Listening to feedback and being open to new ideas, feeling comfortable to take calculated risk, and experimenting together with industry partners, to turn ideas into reality – These are important aspects of Public Service Transformation, in line with the SG Together movement.

Rejuvenating Heartland Enterprises

44. Ms **Joan Pereira** and Mr **Teo Ser Luck** asked about heartland enterprises, which serve important social and economic roles in our society. In my maiden speech in Parliament, I spoke about how we should work together to rejuvenate our heartland precincts and shops.
45. Sir, please allow me to continue in Mandarin.
46. 贸工部和企业发展局多年以来同业界伙伴合作，积极推动 邻里企业的发展。
47. 去年六月，我们成立了新加坡邻里企业中心，定下了三个重点：商区提升，企业转型，以及员工培训。

48. 邻里企业中心已为不少邻里企业提供援助：

- 宏茂桥区商联会 通过社交媒体推广商区的农历新年 庆祝活动，吸引了不少人潮。
- 勿洛商联会采用灯光装置为邻里商区增添特色与活力。
- 忠邦城商联会设立了电子市集平台帮助区内的企业提升他们的业绩。

49. 今年，邻里企业中心的目标是要达到“三个五”的突破：

- 除了目前的三个邻里商区，中心希望与至少五个新的邻里商区合作。
- 第二，中心将帮助更多邻里企业提升，转型，从去年的 40 家，增加五倍，到 200 家。
- 第三，中心也会为更多员工提供技能培训，从去年的 200 名员工，也是增加五倍，到今年的 1000 名员工。

50. 我们将推出**邻里企业提升计划**，让商联会得到更全面的援助。

51. 在这个计划下，企发局，建屋局和新加坡邻里企业中心，将和商联会合作，实现四年的发展计划。

52. 范围包括翻新公共设施、举办更有特色的邻里活动、以及提升企业的能力，和员工的技能。

53. 我们将加强对商联会的援助。

- 首先，政府会提高对邻里活动的资助从目前的 50% 增加到 70%，并扩大资助的范围和活动种类。
- 第二，给店主翻新公共设施的津贴，会从 80% 增加到 90%。也就是说店主所需要付的费用会减少。

54. 此外，建屋局的“商店提升计划”目前需要所有店主同意才能进行翻新。我们在考虑修改条规，把门槛从 100% 降低到 75%。也就是说只要超过四分之三的店主同意，就能进行。这样一来，我希望有更多商区能够受惠。

English Translation for Paras 46 to 54

46. Over the years, MTI and ESG have teamed up with industry partners to drive heartland precinct rejuvenation and enterprise transformation.

47. Last June, we set up the Heartland Enterprise Centre Singapore ('HECS'), and set it 3 main objectives – to uplift precincts, transform enterprises, and upskill workers.

48. Since then, the HECS has done good work so far, and helped many heartland enterprises and Merchants' Associations ('MAs'). For example, it helped –

- a. the Ang Mo Kio MA to promote and broadcast its Chinese New Year festivities on social media, increasing footfall to the precinct,
- b. the Bedok MA to add vibrancy to the town centre through lighting installations and displays, and
- c. the Chong Pang MA to develop a dedicated online marketplace for shops in the precinct, to increase their sales.

49. For 2020, I have challenged the HECS to achieve a 'triple five' target –

- a. To partner at least 5 new precincts, in addition to the 3 they are supporting currently,
- b. Secondly, to help 200 enterprises with their transformation and digitalization, 5 times more than the 40 last year, and
- c. Thirdly, to train at 1,000 workers and shop owners, 5 times more than the 200 last year.

50. We will introduce the **Heartland Enterprise Upgrading Programme ('HEUP')** as a single integrated support package for MAs.

51. Under this programme, MAs can receive dedicated support from ESG, HDB, and HECS to develop and implement 4-year action plans.

52. These plans will cover upgrading of common area infrastructure, organising placemaking activities, and the upgrading of enterprises and workers.

53. We will also provide enhanced support to MAs through the programme.

- a. Firstly, we will increase the support for placemaking activities from 50% to 70%, and cover a wider range of activities and costs.
- b. We will also increase funding support for the upgrading of common areas from 80% to 90%, reducing the costs for shop owners.

54. In addition, currently under HDB's Revitalisation of Shops ('ROS') scheme, the support of all shop owners is required for upgrading works to commence.

- a. We are studying lowering the threshold from 100% to 75%, to allow works to proceed once most of the shop owners are supportive.
- b. This will allow more precincts to benefit.

Conclusion

55. Mr Chairman, the Government will help businesses and workers tide over the immediate challenges due to COVID-19.

56. We are also committed to support businesses at different stages of growth to transform and prepare for the future, so that our companies and workers will emerge stronger.

57. Through economic growth, we have achieved employment growth and wage growth for our workers, and improved the lives of Singaporeans. Real wages have grown by 3% per year in the last 10 years, and young people are able to secure good jobs. In the 2019 graduate employment survey results for university and polytechnic students, more than 90% found employment within 6 months of graduation, with higher median salaries than previous batches.

58. The outcomes we have achieved are the result of effective policies, hard work and good governance, underpinned by a stable political system and strong tripartite partnerships; as well as a forward-looking government that plans long-term and does not shy away from telling the truth, even if it is unpopular. A government which places Singaporeans at the heart of everything we do.

59. This is an important component of our Singapore story: How we grow as a nation, how every generation builds on the foundations laid by previous generations, and takes the country further to benefit future generations.
60. This is how we must continue to forge ahead – Always striving for improvement; Keeping Singapore domestically united and globally connected; And never giving up in the face of adversity. As we say in Hokkien, “*pah buay si*”, and if I may add, “*pah si pun boh zao*” (*‘never say die’ attitude*).