

**SPEECH BY MS SIM ANN, SENIOR MINISTER OF STATE FOR TRADE AND
INDUSTRY, DURING THE COMMITTEE OF SUPPLY DEBATE UNDER HEAD V
(MINISTRY OF TRADE AND INDUSTRY)
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“Becoming better partners”

INTRODUCTION

1. Chairman, over the past year, I have had the opportunity to meet and listen to many SME business leaders.

SEIZING OPPORTUNITIES TOGETHER IN OUR FUTURE ECONOMY

2. They see the world changing around them and know the urgency of transformation. Many have pointed out that opportunities abound. First, consumer markets in the region are growing, and there is much goodwill towards Singaporean brands and products. Second, technology has enabled new business models to flourish and sharpen businesses’ competitive edges.

3. I believe SMEs want to know what concrete steps they can take to seize these opportunities and remain relevant and competitive.

4. The Government knows that it can be daunting to try new business strategies. This is why we, and our many partners, have committed to working with our SMEs throughout their transformation journeys.

GOVERNMENT IS IMPROVING ITS PROCESSES TO BECOME A BETTER PARTNER FOR BUSINESSES

5. The formation of Enterprise Singapore (ESG) is a natural progression, born of the recognition that capability building, innovation, and internationalisation are increasingly intertwined. Minister for Industry Iswaran has already spoken on how ESG will combine the expertise, resources and networks of SPRING and IE Singapore to build on their good work.

6. **Mr Teo Ser Luck** raised the question many SMEs have on their minds: how exactly will ESG and the Enterprise Development Grant (EDG) affect Government’s support for their businesses?

7. The new EDG will support companies of all sizes in their growth journeys. We will extend the enhanced grant support of up to 70% for SMEs for another two years, instead of reverting to 50%. EDG is one grant, with a single application process, combining SPRING’s Capability Development Grant (CDG) and IE Singapore’s Global Company Partnership (GCP) scheme. It will give more holistic assistance to companies who can make use of the same grant to upgrade, innovate, or venture overseas, or any combination of these strategies. This in turn encourages companies to think holistically about their own growth strategies.

8. I thank **Ms Foo Mee Har** for illustrating how a business can work with multiple agencies to modernise itself. Let me share one more example. Castlery has worked together with both SPRING and IE Singapore for capability building and internationalisation. At home, Castlery built up its internal capabilities by developing a warehouse management system with the help of SPRING. This system optimised Castlery's warehouse space and inventory management, resulting in a significant increase in inventory capacity and sales per worker. This allowed Castlery to scale its operations quickly as it expanded overseas. In venturing abroad, Castlery tapped on IE Singapore's support and network of business contacts to quickly penetrate the market in Australia. The two agencies' support and grants have helped Castlery achieve faster-growing sales and the launch of its flagship store in Sydney in July last year, its first overseas. And there are many other companies that have benefitted in a similar manner from SPRING's and IE Singapore's support.

9. With the establishment of ESG in April 2018, enterprises like Castlery will have a single key point of contact at ESG rather than working with SPRING and IE Singapore separately. Enterprises will be able to discuss their growth strategies with ESG to determine the best grants and programmes for their stage of growth.

10. EDG can support solutions of a very complex nature. For businesses that want simpler solutions for improving productivity, pre-scoped productivity solutions are a tried and tested way to achieve quick results.

11. Over the past few years, our businesses have benefitted from various grants supporting basic productivity upgrading, such as SPRING's Innovation and Capability Voucher (ICV). Now, as businesses enter the next phase of transformation, they may require more substantial investments. The Productivity Solutions Grant (PSG), announced by the Minister for Finance, will offer pre-scoped solutions developed in conjunction with industries' lead agencies. **Mr Liang Eng Hwa** asked how it will improve support. PSG will support the adoption of IT solutions and equipment aligned to the ITM strategies.

12. One example of an industry-specific solution that will be supported under PSG is the Digital Ordering and Payment System. ENBU, a Japanese restaurant in Suntec City, adopted a version of this system with support from SPRING. The solution combines Tabsquare's e-menu solution with PayPal's payment solution. Customers have the freedom to order and pay without delay: there is no need to wait for staff to serve them. If customers have concerns about entering their payment details on an unfamiliar device, they can also complete the payment on their own phones. For ENBU, the system has reduced cash handling, and increased productivity and efficiency. The solution has also freed ENBU's staff to better serve customers' needs.

13. We hope to see more companies adopt similar solutions to enhance their productivity. To enable them to do so, we will continue to simplify the overall grant landscape. The PSG will start with a simplified application process and by streamlining at least 3 pre-scoped grants: SPRING's ICV, the National Parks Board's Landscape Productivity Grant (LPG) and the Infocomm and Media Development Authority's support for pre-scoped solutions under the SMEs Go Digital Programme.

14. The Government will provide up to 70% funding support for PSG to help companies committed to transformation. To better support businesses with heavier investments for longer time commitments, the grant caps have also been raised and customised for each industry.

GOVERNMENT WILL CONTINUE TO LOOK OUT FOR WAYS TO EASE BUSINESS PROCESSES FOR SMES

15. The PSG will be one of the grants on the Business Grants Portal (BGP). **Ms Foo Mee Har** and **Mr Teo Ser Luck** asked how we can continue making it simpler for business to learn about assistance schemes and transact with Government. The BGP represents one way that Government has been responding to these calls.

16. Rather than approaching multiple agencies on their grants, a company only needs to fill in its project information on BGP's shorter, simpler online forms, and the relevant agency will process the application. Because the BGP stores and pre-populates basic information like a company's details, forms can be filled more quickly. As a result, BGP has been very well-received by companies since its launch in January 2017, and 9 out of 10 indicated that they were satisfied with the portal.

17. Another way Government has been making government transactions more business-friendly is LicenceOne.

18. Launched in 2016, LicenceOne is an online portal that helps businesses comply with regulations through simplified licence application processes. LicenceOne's e-Advisor feature will shortlist relevant licences based on applicants' business needs and intent. I am encouraged by the feedback from businesses — 9 out of 10 surveyed indicated that the portal is easy to use, and that they would recommend LicenceOne as the go-to place for licensing-related matters.

19. We hope that these initiatives will simplify transaction processes for businesses with the Government — an especially pertinent point in the business environment, where time is money. Presently, BGP hosts 6 grants across 5 agencies and LicenceOne has 114 licences from 20 agencies. More grants and licences will be added to BGP and LicenceOne respectively over time.

20. The Government will continue to look out for ways to make these processes more business-friendly.

EMPOWERING OUR TACS WITH THE TOOLS AND CAPABILITIES TO SUPPORT INDUSTRIES AND ENTERPRISES

21. I thank **Mr Ang Hin Kee** for covering the many initiatives to help our SMEs, and signalling the Labour Movement's willingness to partner the Government as a ground enabler for the manpower initiatives that SPS Low Yen Ling will be elaborating on later.

22. When it comes to supporting our enterprises, the Government does not act alone. Our Trade Associations and Chambers (TACs) are also key partners of our business community in industry transformation.

23. TACs have deep knowledge of their industry, and are well placed to address key issues facing the industry. They help their members adapt to changes in the business environment, stay ahead of the curve, and make inroads into overseas markets. They also act as a bridge between Government and businesses, enhancing collaborations and expanding reach.

24. We have seen TACs within and across industries step up and work together to support our enterprises.

25. The Minister for Finance has mentioned the Logistics Alliance and Singapore Chinese Chamber of Commerce & Industry's Trade Association Hub (TA Hub). These initiatives facilitate the cross-pollination of ideas and help advance common interests.

26. In particular, the physical infrastructure of the TA Hub creates chances for TACs to interact informally, building a stronger TAC community based on mutual support and collaboration. That 6 more TACs have decided to join the 25 already in the TA Hub since its launch in November 2017 is testament that our TACs believe in the value of co-location, cooperation, and collaboration.

27. As **Mr Teo Ser Luck** and **Mr Thomas Chua** have observed, our TACs are excellent multipliers and catalysts for industry transformation. The Government will continue to support our TACs to do so. The Local Enterprise and Association Development (LEAD) Programme is SPRING and IE Singapore's flagship grant for TACs to drive industry initiatives, focussing on areas such as internationalisation, technology & infrastructure, and business collaborations. In the past two years alone, LEAD has supported some 50 TAC-led projects, impacting more than 8,500 companies. LEAD was launched in 2005, and we have continually reviewed the scheme to improve our support to TACs. Last year, LEAD was not only expanded to support a larger base of TACs, but the maximum support level was also increased from 70% to 90% to support multi-TAC high-impact projects, both within and across sectors.

28. There are other programmes administered by various agencies, that have similar objectives and funding support to TACs. TACs may be confused by the parallel programmes with some overlaps, in areas such as eligibility criteria, supportable activities scope, and funding support levels.

29. We are therefore introducing a consolidated LEAD programme which will be enhanced to support a wider range of TAC-led projects. Grants to TACs, such as SPRING's LEAD+ and TAC-led Collaborative Industry Projects, as well as the Singapore Tourism Board (STB)'s Association Development Fund, will come under the consolidated LEAD. In addition, LEAD will support place management initiatives, by funding TAC-led projects under the Urban Redevelopment Authority (URA)'s pilot Business Improvement District (BID) scheme. With consolidated LEAD support, TACs can spearhead holistic upgrading strategies that combine capability development with place management. ESG will work closely with URA and STB to ensure TACs can more easily understand and access the support to enable them in their industry transformation efforts.

30. Government and TACs have strengthened the support system in place for SMEs to transform and grow. The time is ripe for SMEs to step up in the journey of transformation.

REALISING THE FRUITS OF OUR PARTNERSHIPS IN THE LIFESTYLE CLUSTER

31. There are SMEs who have taken the initiative to transform themselves, to laudable results. As **Mr Liang Eng Hwa** has noted, it has been a year since the launch of the Lifestyle cluster ITMs, and there has been good traction for their strategies. Let me elaborate.

32. **Mr Henry Kwek** has asked for examples on specific initiatives to help industries in transformation and restructuring. To grow the top line, Government and its key partners implement ITM strategies to help companies innovate and access new market segments.

33. Our SMEs have, from time to time, asked how they can access the benefits of our investments in technology and scientific research. The Centres of Innovation (COIs) are key multipliers for our ITMs. The COIs, set up by SPRING in partnership with selected polytechnics and research institutes, harness their laboratory facilities, skilled manpower and considerable networks to develop innovative technological solutions for SMEs.

34. One of our COIs, the Food Innovation & Resource Centre (FIRC) at Singapore Polytechnic, supports food manufacturers in developing innovative new products.

35. NuHoney is a local company that first started working with FIRC on product development in 2011. After 4 years of R&D, it successfully launched its product — a carbonated honey beverage made with no added sugar. The product won the Singapore Institute of Food Science & Technology's Food Product Award for Innovation in 2015.

36. I am happy to hear that NuHoney can also be found on shop shelves in the Philippines, Brunei and the Republic of Korea. NuHoney is already back to working with FIRC to develop new variants, with the export potential in mind.

37. ITM strategies are also tailored to address industry pain points.

38. For the Lifestyle cluster, manpower initiatives are developed in close consultation with the industries.

39. We hear feedback from the food services, retail and hotel industries that the human touch is indispensable. To them, good service is a point of pride. We agree. This is why the Skills Frameworks for each of these feature delivery of good service and improvement of customer experience as key skills in customer-serving roles.

40. Some Lifestyle cluster companies may equate being productive and manpower-lean with poorer service. This need not be the case. By applying good design, it is possible to make processes more efficient while making customers happier.

41. For example, Shangri-La Hotel embarked on an optimisation exercise supported by STB. It found that there were several inefficiencies in the operations of its Horizon Club lounge on the Executive Floor. Staff had to walk to opposite ends of the building or go up and down floors to get to the kitchen and storage rooms, leading to unnecessary delays. In the retrofit, Shangri-La sited the kitchen and storage areas next to the lounge, and introduced self-service options that were designed to enhance guests' experiences. At the self-service bar, featuring a wide range of wines and spirits, guests can try their hand at mixing their own cocktails according to the provided recipes, or even invent one of their own. The lounge, once heavily-reliant on staff, achieved man hour savings of up to 45 per cent, and its staff have welcomed the convenience of centralisation. With the self-service options, and faster service from staff who can be more attentive to guests' needs, the retrofitted Horizon Club has been very well-received.

42. Productive technologies also mean that staff spend less time on routine or tedious tasks, and more time providing better service to customers.

43. For example, Tourego is a home-grown company that developed the world's first mobile tourist tax refund solution. With the Tourego app, visitors can have their tax refund tickets issued and stored in-app, and no longer need to keep paper tickets. For retailers, staff do not have to manually take down tourists' personal details, saving time and manpower. To make Tourego possible, STB worked with Tourego and IRAS to ensure it obtained the necessary licenses, and the Ministry of Trade and Industry's Pro-Enterprise Panel facilitated cooperation with government agencies to ensure Tourego's solution complemented existing systems. To date, over 150 retail outlets benefit from the use of Tourego.

44. Innovation and design will continue to be vital tools for companies, and remain a cornerstone in the development of brands in the Lifestyle industries.

45. It is our hope that more of our brands will become household names, and fly our flag overseas. There is no lack of energy, ideas or passion among existing or aspiring Singapore brand owners.

46. In food, we have established names like BreadTalk, Old Chang Kee, Jumbo Group, and Peach Garden. Companies are diversifying, and creating new products and offerings. Foodgnostic, through its retail brand Old Seng Choong, sells traditional festive treats with a twist.

47. In fashion, which faces intense competition from both global and local brands, we do not just have Charles & Keith. With your permission, Sir, the Clerk has distributed the Singapore Fashion Black Book. Members can find it on their seats. Produced by the DesignSingapore Council in collaboration with Singaporean tastemaker Daniel Boey, the book showcases the diversity and depth of Singapore design. There are brands like In Good Company with its womenswear and accessories, Carrie K.'s premium artisan-crafted jewellery, and Ling Wu's exotic skin bags and accessories.

48. Design is everywhere. The Singapore Fashion Black Book was also created in partnership with Commune, a home-grown furniture design and lifestyle company that sells sophisticated pieces for the modern home.

49. We must continue creating opportunities for our local companies and talent.

50. We are building the platforms to support Singapore's growing ecosystem of lifestyle brands and our wellspring of design talent. Design Orchard, jointly developed by STB, SPRING and JTC, will open by the end of this year. As a retail showcase featuring local brands, it will increase the presence of local designers along Orchard Road. As an incubation space, it will provide holistic support to local designers in capability development and internationalisation. Sixty local brands will be housed at the retail showcase, which will host monthly events for Design Orchard's visitors to get to know our local brands and designers.

51. Design Orchard will complement the ground-up efforts of our community, such as Carolyn Kan's KEEPERS. Currently housed in the National Design Centre, KEEPERS curates home-grown lifestyle brands and tells the story of Singapore talent.

52. Sir, in Mandarin, please.

53. 经济转型是一场需要动员所有企业的远征。我们固然要确保大型企业能够成功转型，但是，规模较小、为数众多的中小型企业，包括微型企业，也不能掉队。毕竟，许多中小企业及微型企业的业务最贴近民众的日常生活，如餐饮业、零售业等。要让一般民众切身感受到经济转型的到来，最直接的方式就是帮助中小企业及微型企业进行转型与提升，为大众的日常消费带来更新、更好的体验。

54. 在微型企业中，最具代表性的可能就是组屋区里的邻里商店了。在全岛的15个市镇中心和110个邻里中心里头，就有共超过1万4000家邻里商店。

55. 邻里企业可以说是新加坡的一种特色企业，与我们独一无二的组屋文化息息相关。

56. 现在，数码经济的崛起对各行各业的营运和竞争环境带来了变化，邻里商店也不例外。尽管还有一批顾客支持传统模式的邻里商店，但是，年轻一些的顾客所追求的商品与服务、乃至沟通和付费方式都和父辈不同，他们也擅长上网通过电子商务享受送货到家的便利。小规模邻里商店该如何对营业模式作出调整，以迎合年轻顾客的期望和需求，并同时继续为传统的顾客群服务呢？这就是关切邻里商店未来的问题，也是转型的关键。

57. 陈硕茂先生提到邻里多元化和充满活力的重要性，并建议可以考虑提供租金回扣。政府密切监督房地产市场，以确保商店租金能在中期到长期维持稳定。为确保邻里中心保持其商业活力，建屋发展局采取以下几个做法：

- 在规划商业物业时，考虑个别地区的居民人数和未来发展计划；
- 在评估新邻里中心商店招租投标书时，不仅考虑竞标者愿支付的租金，也考虑竞标者营业概念的质量；
- 通过“商店提升计划”，为当地商联会提供津贴，改善购物环境、主办促销活动。

58. 许多市镇的邻里商店都组成了商会，而全国商联总会更是汇集了 41 个不同的邻里商会。我很高兴看到全国商联总会愿意带头引导邻里商家在新环境中寻求突破，为邻里注入更多活力，并帮助邻里商家提高生产力，并与与数个政府部门紧密合作，制定一个振兴勿洛和宏茂桥镇商业中心试行计划。

59. 这些努力获得标新局“本地企业与协会发展计划”的支持，在计划下，标新局除了出资帮助商联总会聘请项目顾问，也将官员借调到商联总会的秘书处。这个例子说明，政府愿意与立志转型的商团、商会共进退，一同为广大会员企业探索更多提高生产力、创新、开拓海外市场及提升技能的途径。毕竟，全国有近20万家企业，里面绝大多数都是中小企业及微型企业。要将转型的信息传达给每一家企业，单靠政府部门一对一的服务是远远不够的。与多个商团、商会紧密合作，是成功落实经济转型的关键。我们欢迎更多商团、商会，加入我们的队伍，壮大我们的阵容，发动更多的企业参与这场转型的远征。

(Translation for paras 53 – 59)

53. Economic transformation is a long haul journey which requires the participation of all our enterprises. While it is important to ensure the successful transformation of large enterprises, we must not overlook the other smaller enterprises. Such SMEs may be of smaller scale, but they have a significant presence due to their large numbers. After all, many of these SMEs and micro enterprises provide essential services for our citizens' daily lives, such as those in the food and retail industry. The most direct way to enable our citizens on the ground to feel the impact of economic transformation, is to support these SMEs and micro enterprises to transform and upgrade, and provide a new and better experience for the daily mass consumers.

54. Heartland shops are probably the best representation of a micro-enterprise. There are more than 14,000 HDB shops in Singapore's 15 town centres and 110 neighbourhood centres.

55. These heartland enterprises can be said to be unique to Singapore, and are deeply linked to the culture and landscape of our heartlands.

56. The rise of the digital economy continues to disrupt many businesses' operating environments, including those of the micro-enterprises. Though many heartland shops still maintain a loyal base of customers who prefer the traditional way that heartland enterprise operate, younger customers have a different set of expectations in terms of the goods and services, and even the mode of communication and payment. They are also experts at online shopping, and enjoy the convenience of items delivered right to their doorsteps. How our heartland enterprises can, with their small footprints, transform to attract younger customers while serving their more traditional customers, will be key to their continued success.

57. **Mr Chen Show Mao** brought up the importance of diversity and vibrancy in our heartlands and suggested rental rebates as a potential approach. The Government closely monitors the property markets to ensure the stability and sustainability of rentals for businesses over the medium- to long-term. To ensure that our HDB Neighbourhood Centres and precincts remain vibrant places for residents and businesses alike, HDB carefully plans the supply of commercial space while taking reference from the number of residents and future development plans. HDB considers both price and quality in assessing tender bids for shops in new Neighbourhood Centers. HDB's Revitalisation of Shops Scheme (ROS) provides substantial subsidies for Merchant Associations to upgrade their shopping environment and carry out promotional events to attract crowds.

58 Many of the micro-enterprises have banded together to form various Trade Associations. The Federation of Merchants' Associations, Singapore (FMAS), is a collation of these associations and currently represents 41 Merchants' and Hawkers' Associations. I am happy to see FMAS taking the lead in efforts to inject more vibrancy and drive productivity in our heartlands. One example is working with various government agencies to develop pilot precinct development plans for Bedok and Ang Mo Kio to revitalise the area.

59. Its efforts are supported by SPRING through a LEAD project, which includes professional consultancy funding and secondment of a public officer to FMAS. This example shows the Government's commitment in supporting TACs who have the resolve to transform, and will hand-in-hand look for opportunities for the mass enterprises to improve productivity, increase innovation capacity, internationalise and upgrade skills. After all, there are over 200,000 enterprises in Singapore and the majority is made up of SMEs and micro-enterprises. It is not sufficient to solely depend on the Government's one-on-one services to send the message of transformation to every single enterprise. TACs can amplify the reach of Government's transformation efforts and working closely with the TACs is a key component to successful industry transformation. The Government welcomes more TACs to join us in this transformation effort, strengthen our efforts and get more enterprises to join us in this transformation journey.

CONCLUSION

60. Transformation does not have to be daunting. Government has transformed itself, and made it easier for our SMEs to take charge of their own upgrading and internationalisation.

61. Together with our partners, we have created an environment for SMEs to seize the opportunities that the future economy presents.

62. To my fellow Members, if you are approached for help about how enterprises can benefit from Government's schemes, I want to reassure you that at every step of an SME's journey, there is support. For SMEs seeking easy-to-digest solutions, they can check the SME Portal, access the Business Grants Portal, or approach any of the 12 SME Centres island-wide for free business advice. For SMEs looking for more complex support, they can look to grants like the EDG or start a discussion with ESG. Throughout this, TACs will continue to spearhead initiatives that enhance the competitiveness and relevance of their industries. For those enterprises that have benefitted from the Government's and TACs' support, I urge you to share your experience with your business community and spread the culture of mutual help.

63. For enterprises that are not already a member of a TAC, I encourage you to join one. If you are, I encourage you to consider stepping up to take a leadership role. And if you are already a TAC leader, I would like to thank you for your service and encourage you to continue working with partners to bring transformation to your industry.

64. Together, we can build a strong business ecosystem, that will benefit all workers and enterprises in Singapore, and allow us to remain relevant and competitive in the future economy.