

**Speech by Deputy Prime Minister, Coordinating Minister for National Security and Minister for Home Affairs Mr Teo Chee Hean at the Singapore Chinese Chamber of Commerce and Industry 58<sup>th</sup> Council Installation Ceremony on 16 March 2015**

*Helping Our Companies to Transform and Grow*  
**协助我们的商家转型与成长**

中华总商会会长 蔡其生先生、  
总商会董事、  
各位嘉宾：  
大家好！

1. 去年，新加坡的经济增长是百分之二点九。  
今年，我国的经济增长预计在百分之二到四，和去年差不多。  
我国的经济的发展，已经到了比较成熟的阶段。

2. 政府了解商家在经济重组中面对的挑战。  
所以今年的财政预算案，公布了给商家更多的帮助包括：  
第一、应付成本上涨，尤其是劳工成本。  
第二、提高生产力和开发新产品。  
第三、寻找海外的新市场。

3. 中华总商会和其他商团，对商家，尤其是中小企业，是很重要的。  
商团安排政府和商家定期对话，让商家提出回馈和新主意，包括为每年的财政预算案提供意见。  
政府很重视商团为帮助商家所作的贡献。  
政府希望继续与商团密切合作，在经济重组中，为商家提供更多帮助。  
接下来，让我用英语发言。

4. I will say more about what Government is doing to help companies in three key ways.

**Budget Measures for Businesses**

5. First, helping to moderate costs, especially labour.

We have taken a carefully balanced approach in steering towards a more productive economy, one that is less reliant on increases in foreign workforce.

One proposal in the Population White Paper which was debated in Parliament in February 2013 was to moderate the growth rate for foreign workers.

However, some had called for zero foreign worker growth – a freeze. Such a freeze would harm not just our economy as a whole, but SMEs in particular, as they might not be able to restructure so quickly or easily.

As SMEs employ some 70% of our workforce, many Singaporeans could have lost their jobs if such a freeze on foreign workers caused SMEs to close down.

Instead the Government has allowed the foreign workforce to grow more slowly, and to plan on the basis of our total workforce growth to be 1% to 2% a year, half the previous rate of growth.

6. Our foreign worker growth has moderated steadily from about 80,000 in 2011 to about a third of that, 26,000 in 2014,<sup>1</sup> and is at a more sustainable level.

The Government has thus decided to give businesses more time to adapt to a tight labour market.

As announced in the Budget, the Government will defer this year's round of announced levy increases for S Pass and Work Permit Holders for all sectors.

Levies for the manufacturing sector will be frozen for the next two years, and the levy in the construction sector has been reduced for more highly skilled workers.

7. To further help companies adjust to rising costs as they restructure, the Wage Credit Scheme and the 30% corporate income tax rebate have been extended by two years.

The new rebate cap of \$20,000 per company per YA will ensure that more support is focused on SMEs.

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<sup>1</sup> Figures exclude foreign domestic workers.

8. To help companies adjust to the cost increases due to the CPF changes, Government will offset two-thirds of the employers' costs due to CPF changes in 2016, and one-third in 2017.

9. Second, helping companies to raise productivity and innovate. The Productivity and Innovation Credit (PIC) and PIC+ will continue until YA2018.

SPRING's Capability Development Grants will be enhanced, and the application process simplified to make it easier for SMEs to apply for these grants.

10. Third, we will enhance existing grants and tax incentives to support companies' internationalisation.

There will be a new **International Growth Scheme**, which offers a 10% concessionary tax rate for incremental income of companies who have expanded overseas while keeping their HQ and key business activities in Singapore.

### **Setting up a New Trade Association Hub**

11. As trade associations and chambers serve as a useful multiplier to reach out to many companies, the Government is keen to support their development and operations.

JTC will be setting up the Trade Association Hub at the old Jurong Town Hall, to cluster different trade associations and chambers from a wide range of sectors under one roof.

Through this co-location, trade associations and chambers can benefit from the economies of scale and cost savings by sharing resources and facilities.

The Hub will facilitate sector-level capability development and promote cross-sector collaboration, such as skills upgrading, business co-creation, and sharing of best practices, thus catalysing industry transformation.

12. With the MOU signing between JTC and SCCCI that we have just witnessed, SCCCI will come on board this Trade Association Hub to promote industry upgrading and collaboration.

SCCCI, with its years of expertise and extensive business network, will be well-placed to provide ready access to shared resources,

space and capabilities and house and support smaller trade associations and chambers which may be facing resource constraints.

SPRING will also work with SCCCI to develop the smaller groups and foster cross-industry collaborations for growth.

13. With the launch of this new Hub at the symbolic old Jurong Town Hall where Singapore's early industrialisation policies were formulated, we look forward to creating a conducive and collaborative environment where trade associations and chambers can work together to help their members raise productivity, build new capabilities, and seek out new growth opportunities for their members.

### **Helping Family Businesses to Transform and Grow**

14. Another important group of companies that the SCCCI will be focusing on is family businesses.

Because of its membership profile, SCCCI is well-placed to address issues faced by family businesses such as succession planning, and help them continue to grow and thrive.

## **Conclusion**

15. I am glad to see that SCCC I continually comes up with new initiatives, and works with its partners to provide useful and relevant assistance to its members, in line with evolving needs.

This has helped Singapore transform itself time and again, and what we must continue to do, in order to succeed.

16. I congratulate SCCC I President Mr Thomas Chua and members of the 58th Council on your election.

I wish you all the best as you continue your good work to serve your members well.

And I hope you will work closely with the Government, to help our business community to transform and grow in this new phase of our economic journey.

17. Thank you very much.