

More moves to help firms as economy undergoes revamp

Higher seed grant for start-ups, help for SMEs to improve their cash flow

By **MALMINDERJIT SINGH**

[SINGAPORE] The government is introducing more measures to help Singapore businesses survive a restructuring of the economy, said Minister of State for Trade and Industry Teo Ser Luck yesterday. But he warned that perhaps not all will make it.

The initial measures in Budget 2012 to help small and medium-sized enterprises include a one-off cash-grant of up to \$5,000.

"Some felt that this grant amount is not very big, but this is a good gesture as more than 90 per cent of the enterprises registered here are local SMEs, and so this will help them. But even then the grant is not the be all and end all as more measures to help SMEs will be announced," Mr Teo said in his welcome

speech at a Budget forum organised by the Institute of Certified Public Accountants of Singapore (ICPAS).

Later, he told reporters: "We understand the situation of the tightening (of foreign labour) and restructuring (of the economy) and we recognise that we have all the schemes in place to help SMEs cope with this. I hope they can survive, but realistically some may not . . . it is situational and our job is to help as many of them survive. Those that cannot cope will need to re-look their business models.

"We are really looking at the smaller companies. The government and industry and trade associations can come together to help them with their restructuring efforts and to prepare them for productivity. We will also help very small companies, looking at their day to day survival issues and looking at their costs."

Mr Teo, who is also an adviser to ICPAS, said the small companies that the government will be focusing on would include

start-ups, for which it will be increasing the seed grant. He also hinted that the government would be exploring ways to improve the cash flow of SMEs.

"(For example) the budget statement increased Productivity and Innovation Credit (PIC) cash support up to 60 per cent as the feedback was that the reimbursement didn't help as companies are required to spend first. We want to help SMEs with cash flow issues."

Meanwhile, at the ICPAS Budget Forum, panellist Irvin Seah said that while he has "great reservations on measures rolled out (in the Budget) to drive productivity growth and restructuring", he was specifically unhappy at the pace of implementation of the policy to tighten foreign labour.

"Some industries find it easier to replace foreign workers with locals or technology but this is not true for all and especially for SMEs. The substitution effect is thus not there. Yes, we need to restructure, but

the pace is what I am not comfortable with."

Fellow panellists Sum Yee Loong, professor of accounting at the Singapore Management University, said that he was pleased by the move to tighten foreign labour as it showed that the government was listening to the disquiet from the ground on an influx of foreigners.

He added that the move would greatly benefit the lower-income as it was this group that was most affected by too many low-skilled foreign workers here. "They (lower-income) did not have much income growth because of this in recent years."

Mr Seah, who is regional economist at DBS Group Research, argued though that perception of overcrowding of foreign workers in Singapore was a relative problem and the solution instead lay in investing in public infrastructure such as the recent measures to build more HDB flats and increase buses here in the coming years.