

MEDIA RELEASE

BUDGET 2011: SMa WELCOMES DOWN-TO-EARTH BUSINESS BUDGET

18 Feb 2011 – Budget 2010 was a pro-business Budget; and Budget 2011 a peoples' Budget. Last year's Budget, based on recommendations of the Economic Strategies Committee (ESC), had both depth and breadth of business coverage. Today, we feel that this Budget is a down-to-earth Business budget.

For example, we are encouraged by the fact that the government is topping up the NPF and enhancing PIC which are crucial for businesses considering how costs have increased substantially, particularly since Singapore is at full employment and salaries have increased. The strong Singapore dollar has made our exporters less competitive. Productivity Improvement and Innovation are therefore crucial to remain competitive. We welcome the cross-border financing scheme to be developed by Temasek, and the incentive schemes for venturing overseas – this will strengthen our export businesses.

We are hopeful that the government will quickly finalise the details of the NPF to mitigate the increase in business costs listed above. We are encouraged by the enhanced PIC which will increase profitability to shareholders through less tax; and for some businesses, particularly SMEs, improved cashflow through the cash option.

The government's plan to increase income by 30% over the next decade is obviously a clear indication that manufacturers must continually improve productivity and maximise innovation to mitigate this increase. Not only this, but companies must make use of the National Research Fund to drive manufacturing industry development. We are pleased that the government has now allowed PIC benefits on overseas R&D.

We are appreciative that the government has continued to inform the business community of future increases in foreign workers' levy two years ahead of implementation which is important for cost planning; and also, encourage business to drive for continuous productivity improvement and innovation to mitigate such cost increase. However, we hope that there will be no more such increase.

Mr George Huang, SMA President, said: "I'm pleased with the Budget as it is better than I have expected with its adequate coverage for the business sector. I look forward to working with the NPCEC to expedite the disbursement of the NPF. This is particularly important as we are now setting up the Singapore Institute of Productivity & Innovation (SIPI) to drive productivity and innovation in the manufacturing sector. With the government budgeting increase in employers' CPF contributions, coupled with increase in foreign workers' levy and the strong Singapore dollar, manufacturers will have no choice but to continue to increase productivity and innovation and venture overseas if manufacturers want to remain in business."

About Singapore Manufacturers' Federation (SMA)

Established since 1932, SMA's mission is to represent the interest of the Singapore manufacturing community and to drive its competitiveness and sustainable growth through serving industry-specific needs.

SMA is supported by 11 industry groups to serve diverse industry-specific needs, as well as five Centres of Excellence to offer a holistic approach towards improving competitiveness, upgrading skills and capitalizing on new technologies to grow market share. Current membership is more than 2,600 corporate ranging from MNCs to SMEs, and SMA carries out a myriad of activities to enhance the competitive edge of our members.

For more information, please visit <http://www.smafederation.org.sg>

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