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To: Editors and Reporters

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*Please attribute all comments and citations to **Mr Lennon Tan, President of the Singapore Manufacturing Federation (unless otherwise stated).***

BUDGET 2024: A WELCOME MOVE TO SUPPORT PEOPLE AND BUSINESSES

Singapore Manufacturing Federation's Response to Budget 2024

17 February 2024 – The Singapore Manufacturing Federation (SMF) applauds Budget 2024, calling it a bold move to support Singaporean households and businesses for the coming year, demonstrating the 4G Government's deep understanding of the impact of current turbulent times especially amidst uncertain geopolitical tensions and rising costs. The SMF notes that Budget 2024 caters for all layers of the society and economy – from young ones to seniors – including businesses. Tilted towards firms that make the effort to restructure and transform, Budget 2024 demonstrates strong workforce-centric backing in lifelong personal and professional development to futureproof oneself for employment resilience, ensuring salary equality and increasing career mobility, while not forgetting the need for household stability.

The SMF commends the government's assistance to manufacturers for managing rising business costs with the Enterprise Support Package. The 50% Corporate Income Tax Rebate will be helpful in managing their cashflows and reducing business costs, and the welcome raise of the maximum working capital loan quantum to \$500,000 permanently, coupled with the government's risk sharing of project loans and extension of the SkillsFuture Enterprise Credit up to 30 June 2025, will help manufacturers with their financing needs to transform their workforce and businesses. The SMF will extend more information of the Enterprise Support Package to its members through our business units, to raise greater awareness on how our SMEs can benefit from the schemes to thrive and succeed in the current challenging operating environment.



SUSTAINABILITY

SMF is pleased and encouraged by the government’s strong backing for manufacturers to embark on their sustainability transformation with the extension of the Energy Efficiency Grant to manufacturing companies, and the enhanced support for green loans under the Enterprise Financing Scheme – which the government will expand its scope to help more SMEs adopt green solutions. The SMF echoes DPM Lawrence Wong’s call for SMEs to treat their sustainability journey as a competitive advantage to stay in the supply chain as he said, “because MNEs are already looking to reduce their carbon footprint, and they expect their suppliers to do the same.”

The SMF is excited to work in tandem with the government on accelerating sustainability transformation – a call the SMF made in its wish list, appealing for the government to consider more support schemes to reduce entry barriers for manufacturers who wish to embark on their own sustainability journeys but do not know how.

Clement Teo, SMF’s Chief Sustainability Officer and Assistant Chief Executive shared, “Towards this end we have the SMF’s Chief Sustainability Officer as a Service (CSOaaS) programme, which handholds SMEs and manufacturers in their sustainability journeys towards sustainability maturity and recognition through the Green Excellence for Manufacturing (GEM) and Green Excellence for Business (GEB) marks, launched in January at its inaugural SMF Manufacturing Day Summit 2024.”

As the voice of the manufacturing industry, the SMF is committed to working with the government in “taking concrete steps to keep our [manufacturing industry] competitive and vibrant, and to help our [manufacturers] seize new opportunities.”

Citing DPM’s call for manufacturers to be “sustainability-ready,” the SMF reiterates its stand that manufacturers must leverage on green technology and pivot to keep their businesses running.

HUMAN CAPITAL

The SMF commends Budget 2024’s investment on the human capital with its winning support measures – from equipping our workers for life to equalising salary; ensuring employment resilience from ITE to senior workers; even to securing a new future for the involuntarily unemployed – these measures are certainly welcome shifts towards building our local talent pool.

Dennis Mark, Chief Executive Officer of SMF shared, “As part of its commitment towards developing the human capital, the SMF is equally committed to and supports the measures, and ardently hopes the new SkillsFuture Level-Up Programme would include career paths in



the manufacturing sector to beef up the industry with much-needed future skills to boost local workforce sources for our manufacturing sector. The SMF looks forward to supporting these lifelong training journeys as well as industry-related capability and capacity development through our AMTA Workforce Upskilling Playbook and the myriad of manufacturing-related productivity improvement courses and business advisory services from our Centre for Corporate Learning (CCL), Advanced Manufacturing Training Academy (AMTA), and the SME Centre@SMF (SMEC).”

On the downside, the SMF acknowledges that these invariably increase costs for manufacturers. The sector looks forward to the cushioning of the impact with increased co-funding of the Progressive Wage Credit Scheme (PWCS) of up to 50% this year, and the extension of the CPF Transition Offset for another year. While the SMF echoes DPM’s statement that we will inevitably face failures, losses, and attrition in a dynamic and growing economy – a reality we have to accept – and that “we will reap the full benefits only if all of us – government, employers, workers, and unions – lean forward to truly deepen this culture of lifelong learning and skills mastery”, we hope more light will be shared at the COS on how business costs can be further mitigated.

INTERNATIONALISATION

The SMF welcomes the extension of PACT in this year’s budget to support collaborations between larger companies and the SMEs to boost supplier development and co-innovation. The SMF hopes the enhanced PACT will support more partnerships in more areas of manufacturing – especially in areas of capability training, internationalisation and corporate venturing. This will help our manufacturers plug into global supply chains and compete in markets abroad – a move the SMF has been championing with our international networking events to bridge the gaps for local SMEs. Most recently, the SMF was proud to lead SMF members on several mission trips, and we look forward to more collaborations internationally, especially with the enhanced measures in Budget 2024. The SMF hopes more information can be shared on the enhanced PACT and internationalisation support at the coming COS discussions.

PRODUCTIVITY & INNOVATION

Additionally, the SMF welcomes the \$3 billion investment top-up allocated towards the Research, Innovation, and Enterprise 2025 (RIE2025) plan which “will go towards research and related investments in national priorities such as advanced manufacturing...”; and the investment of over \$1 billion over the next five years into the National AI Strategy 2.0.

Lennon Tan, President of SMF shared, “R&D, innovation, and AI are critical areas that can have significant impact on the manufacturing landscape, transforming the processes for our manufacturers. With the expanded \$1 billion budget for AI, the SMF hopes that some of this



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can be translated into AI and AI solutions for manufacturers, helping them to innovate, reduce costs, and increase productivity. We eagerly await the opportunity to learn at the coming COS how these investment plans will be rolled out to elevate the manufacturing sector.”

CONCLUSION

In conclusion, Budget 2024 addresses and eases pain points at several levels for manufacturers and is a welcome one that sets the tone and focus for sustainability, human capital development, and transformative future technologies such as AI; much aligned with the SMF’s modus operandi for its members via four pillars – S.H.I.P. (Sustainability, Human Capital, Internationalisation, and Productivity). We look forward to more engagements with the relevant ministries during COS to continue our commitment to facilitate the competitiveness and sustainable growth of the manufacturing sector.

About the Singapore Manufacturing Federation (SMF)

Established since 1932, the SMF represents the interest of the manufacturing community in Singapore, driving its competitiveness and sustainable growth through serving industry-specific needs. Supported by 10 industry groups and its Associated Services, the SMF enhances the competitiveness of the industry by encouraging capacity development and capability building, innovation and productivity. The SMF provides opportunities for companies to collaborate, network, and to grow and expand both locally and internationally. Current membership stands at about 5,000 members comprising SMEs, MNCs and Affiliate members. For more information, please visit www.smfederation.org.sg.

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