

**SPEECH BY MS LOW YEN LING, PARLIAMENTARY SECRETARY  
FOR MINISTRY OF TRADE AND INDUSTRY & MINISTRY OF  
EDUCATION, AT THE FEDERATION OF MERCHANTS'  
ASSOCIATION, SINGAPORE (FMAS) CHINESE NEW YEAR  
CELEBRATION DINNER, 2 MARCH 2016, 7.00 PM AT THE  
SINGAPORE CHINESE CHAMBER OF COMMERCE AND INDUSTRY  
(SCCCI) AUDITORIUM**

President of the Federation of Merchants' Association, Singapore,

Mr Yeo Hiang Meng

Distinguished Guests

Ladies and Gentlemen

**Introduction**

1. Good evening. I am delighted to join you for the Federation of Merchants' Association, Singapore's Chinese New Year Celebration Dinner 2016. The Chinese New Year is probably the most important festival in Chinese custom. It is a time when Chinese people come together to celebrate a year of hard work with family and friends, and wish for a bountiful harvest for the coming year.

## **Economic Performance and Outlook**

2. Despite the challenging global macroeconomic environment last year, the Singapore economy did relatively well, growing by 2.0 per cent in 2015. Going forward, while global growth is expected to improve, the continued slowdown in China, the services-driven nature of growth in the US, as well as trends of in-sourcing in China and the US, may mean that the spillover effect to our businesses may be limited in the foreseeable future. Our forecast is for Singapore's economy to grow by 1.0 to 3.0 per cent in 2016.
3. Accordingly, this means that businesses need to prepare themselves by keeping their operations lean, taking steps to improve productivity, and developing capabilities to ride the wave when growth returns.

## **Government Support for Heartland Businesses**

4. Heartland businesses face particular challenges in this business environment. With the increased prevalence of e-commerce and strong competition from heartland malls, heartland businesses must modernise their business models to maintain their appeal to customers. The Government is aware of these challenges, and will

continue to provide support for our heartland businesses, to help them become vibrant, productive and sustainable.

5. The SME Centres are an important channel through which heartland businesses can receive assistance. They provide business advisory services, as well as guidance on the schemes that government has to help businesses upgrade. To make the SME Centres more accessible to heartland businesses, in 2013 and 2014 we expanded the SME Centre network by opening satellite centres at each of the five Community Development Councils (CDCs), at Ang Mo Kio Community Centre, and at Changi-Simei Community Centre. In addition, as we observed that human capital development is an area in which many heartland businesses require assistance, WDA has deployed a business advisor to each of the five main SME Centres to provide SMEs with human resource and training advisory services. In 2015, the 12 SME Centres collectively reached out to more than 20,000 SMEs through their advisory services.

6. One example of a heartland business that has benefited from the services of the SME Centres is Allure Beauty Saloon. Established in April 2002, Allure offers a range of beauty treatments and specialises in eyebrow embroidery services. In exploring ways to improve its

business, Allure approached the SME Centre@SMF, which helped it to embark on an Integrated Management of Productivity Activities (IMPACT) assessment and an SME Management Action for Results (SMART) diagnostic to better understand its strengths and weaknesses. Based on the findings, Allure hired an accountant to assist its existing bookkeeper in implementing formalised financial management processes. It also introduced training programmes for its employees to develop teamwork and establish a positive workplace culture. In addition, Allure tapped on the Inclusive Growth Programme (IGP) under the Employment and Employability Institute (e2i) to adopt an advanced skin analysis machine that provides detailed diagnoses for customers' skin condition, thereby enabling its employees to improve their professionalism and services standards. I am happy to note that Allure has continued its engagement with the SME Centre@SMF, which is currently helping it to explore further projects in the area of branding and franchising, as well as customer and service excellence, to drive further growth.

7. To complement the business advisory services provided by the SME Centres, the Government has schemes in place to help businesses defray the cost of capability upgrading initiatives such as SPRING's Innovation and Capability Voucher (ICV) and Capability Development

Grant (CDG). In particular, the ICV was started in 2012 to provide heartland businesses with a simple, easy-to-use voucher to upgrade and strengthen their core business operations through consultancy in four key areas of innovation, productivity, human resources and financial management. In 2014, to further support heartland businesses in developing solutions to address their business challenges, the ICV was expanded to also support businesses in the adoption and implementation of simple solutions to improve business efficiency and productivity.

8. As highlighted earlier, many businesses face difficulties in attracting and retaining talent. To address this at the national level, we have rolled out the national SkillsFuture initiative to build a skilled talent pipeline for our economy. However, for this effort to succeed, we will need the support of all businesses to take ownership in developing the potential of their workforce. Businesses can tap on schemes such as the SkillsFuture Mentors, and the SkillsFuture Earn and Learn Programme (ELP)<sup>1</sup>, both of which were rolled out in the last year. The SkillsFuture Mentors helps SMEs in implementing measures to deepen the skills of their workforce, and in developing the coaching skills of supervisors and managers in their companies. The ELP helps

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<sup>1</sup> The ELP has been rolled out in 5 sectors – Food Manufacturing, Food Services, Retail, Precision Engineering and Logistics.

businesses to recruit local fresh talent, provide them with structured on-the-job training and prepare them to take up suitable job roles within the organisation. Alongside this, the Sectoral Manpower Plans for both the Retail and Food Services sectors will also help to deepen the talent base in these sectors.

## **Conclusion**

9. Heartland businesses are an important part of Singapore, and an important piece of our social fabric. They provide essential services to residents, and are a part of the character of our nation. The government will continue to support heartland businesses in productivity improvement and upgrading so that they can remain successful into the future. I hope that more heartland businesses will step forward to take advantage of the support that is available.
  
10. On this note, let me wish you a happy new year of the Monkey, and continued success in your businesses. I wish everyone a pleasant evening. Thank you.