

## **ALLIANCE FOR ACTION ON BUSINESS COMPETITIVENESS CALLS FOR POLICY ADJUSTMENTS ON MANPOWER, LAND AND REGULATIONS TO ACCELERATE ENTERPRISE AND ECONOMIC TRANSFORMATION**

***Joint public-private sector taskforce launches its report with 27 recommendations after nine-month review involving extensive industry consultation***

1. The Alliance for Action (AfA) on Business Competitiveness – jointly established by the Ministry of Trade and Industry (MTI) and Singapore Business Federation (SBF) in February 2024 to address key challenges in manpower, land and regulations – has released its report today after a nine-month review. The report was unveiled by Deputy Prime Minister and Minister for Trade and Industry Gan Kim Yong at a launch event at KH Roberts.

2. First mooted by SBF as part of its recommendations for Budget 2024 to look into how businesses can remain competitive amid a more uncertain business environment, the AfA comprised 19 public and private sector representatives. It was co-chaired by Senior Minister of State for Trade and Industry Low Yen Ling and SBF Vice Chairman and Honorary Treasurer and Sing Lun Holdings Chief Executive Officer Mr Mark Lee.

3. In their foreword to the report, SMS Low and Mr Lee shared that the establishment of the AfA was a response to a fractured global economic environment, citing heightened geopolitical contestation, technological disruptions and the challenges of transiting to a low-carbon economy. They added that in the process of engaging businesses, they were mindful of feedback on the cumulative effects of wage pressures, manpower shortages, upskilling needs, sustainability requirements and regulatory agility, noting that recommendations of the AfA were intended to “transform challenges into opportunities for growth.”

4. Over the course of nine months, the AfA conducted 25 engagement sessions that involved over 100 business leaders, 13 Trade Associations and Chambers, and 17 public sector agencies across various sectors. In addition to in-person focus group discussions, business leaders were also invited to provide written feedback throughout the course of the AfA. Through these engagements, the AfA gathered crucial insights from both the public and private sectors that were invaluable in shaping the final set of 27 recommendations across the three pillars.

5. In developing the recommendations under each of these three pillars, the AfA was guided by the need for the recommendations to be significant, to include a mix of solutions with short and long-term impact, and to be inclusive in addressing the needs

and pain points of a range of businesses, including the small and medium-sized enterprises (SMEs).

6. SBF and the Government will continue to work closely with the business community to support enterprise transformation and enhance Singapore's long-term competitiveness. As this is an ongoing process, we welcome businesses to continue contributing ideas and sharing feedback and suggestions with SBF via [policy@sbf.org.sg](mailto:policy@sbf.org.sg).

7. The full AfA report is available *here*.

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**Annex: Key Recommendations from the AfA Report**

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## Key Recommendations from the AfA Report

### **Manpower – Maximising Local Workforce, Enhancing Access to Higher-Skilled Foreign Workers for Transformation and Growth**

In the Manpower Pillar, the AfA recommendations seek to maximise the human capital of the local workforce while addressing business concerns regarding labour availability and costs, including access to skilled foreign manpower. Key recommendations include:

- (i) Strengthening support for businesses to improve productivity and job quality by enhancing government enterprise and workforce transformation grants. Recognising that workforce transformation outcomes are best achieved when tightly coupled with enterprise transformation, the AfA is of the view that it is timely for the Government to review and strengthen support provided for businesses to improve productivity and job quality and transform their workforce, especially with the expiry of the SkillsFuture Enterprise Credit (SFEC)<sup>1</sup> in June 2025.
- (ii) Expanding the Non-Traditional Sources Occupation List (NTS OL) to enable businesses to access higher-skilled Work Permit Holders in non-PMET roles from more source countries. The AfA recognises the challenges businesses face with higher S Pass qualifying salaries and levies and recommends an expansion of the NTS OL to help businesses retain their higher skilled non-Professional, Managers, Executives and Technicians (non-PMETs) S Pass holders as Work Permit holders (WPHs). This will also help businesses with pressing manpower needs to access higher skilled WPHs from more diversified sources. The manpower challenge is especially acute for the Manufacturing sector and, in consultation with industry stakeholders, the AfA recommends expanding the NTS OL to include a select list of machine operators and labourer roles in the manufacturing sector such as metalworking machine setter operators.
- (iii) Increasing transitional foreign workforce flexibilities for businesses undertaking longer-term transformation and local talent development efforts by enhancing the Manpower for Strategic Economic Priorities (M-SEP) scheme. The AfA is of the view that productivity-driven growth is the only sustainable way forward to maintain long-term business competitiveness. As enterprise transformation takes time, enhancements to M-SEP could be useful to better support businesses with the required manpower flexibilities and to encourage stronger take-up of the scheme. To this end, the AfA recommends that the government could consider several enhancements to the M-SEP scheme including lengthening the support period and expanding access to a wider range of qualifying programmes.

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<sup>1</sup> The SkillsFuture Enterprise Credit (SFEC) scheme, introduced in 2020, provides companies with a one-off \$10,000 credit to help them defray the out-of-pocket expenses on qualifying enterprise and workforce transformation programmes. Today there is a wide range of such qualifying programmes, including the Productivity Solutions Grant, Enterprise Development Grant, Market Readiness Assistance Grant, Career Conversion Programmes and Support for Job Redesign under the Productivity Solutions Grant.

## Land – Extending Land Lease Tenures, Intensifying Land Use

In the industrial Land Pillar, businesses shared feedback on issues such as land availability, lease tenures and their impact on incentivising businesses to invest for transformation and growth. The AfA's recommendations seek to enhance operational stability and increase investment confidence for businesses by addressing some of these critical challenges. They also encourage efforts to increase land productivity to maximise the use of scarce industrial land. Key recommendations include:

- (i) Increasing lease tenure for greenfield industrial land allocations, to account for the longer time required for development works, including the construction of building and infrastructure. The AfA recommends an extension of up to three years for current greenfield allocation tenures of 20 or 30 years. This additional lease period will be added to the overall tenure and charged accordingly.
- (ii) Longer lease renewal tenures for businesses that invest significantly in productivity and redevelopment, and flexible tenure structures for businesses that have demonstrated strong productivity outcomes and jobs creation. The Government is studying how lease renewal tenures can be extended or restructured to better support businesses. Specifically, the AfA suggests extending the typical 20-year lease renewal period for cases where businesses have (i) invested substantially in productivity and extensive redevelopment, and (ii) exploring rolling leases for cases where businesses may make smaller, periodic investments over the course of their tenure, and are able to demonstrate a solid track record of achieving economic and productivity outcomes with continued business growth.
- (iii) Expanding industrial lease renewal criteria to include auditable investments in innovation, R&D and value of intellectual property (IP), and value-added of co-located related companies. The Government is studying how to incorporate such new considerations into lease renewal criteria for businesses on industrial land.
- (iv) Allowing potential relocation to another industrial land site in support of redevelopment and land intensification. For businesses that are unable to maximise their current plot of land, the AfA sees merit in facilitating a relocation to another industrial land plot of an appropriate size to suit lessees' needs if it results in land savings and enhances land productivity.

## Regulations – Provide Regulatory Flexibility to Support Transformation, and Streamline Processes and Complexity

In the Regulations Pillar, businesses shared feedback on regulations that might be hindering more widespread adoption of green solutions such as solar development and electric vehicles. Regulations to support businesses seeking to upgrade building and infrastructure as part of their efforts to transform were also a key area of feedback. The AfA's recommendations seek to provide some regulatory flexibility to support businesses in their adoption of green solutions.<sup>2</sup> The AfA also recommends several improvements to the regulatory process and approach to help businesses better navigate complex regulatory issues. Key recommendations include:

- (i) Adopting a Whole-of-Government (WOG) approach to address regulatory issues related to the green transition, such as solar deployment. Today, solar developers must obtain multiple approvals from various agencies, including the Urban Redevelopment Authority (URA), Building and Construction Authority (BCA), Land Transport Authority (LTA), and National Parks Board (NParks), for solar-related projects, which may be time-consuming and costly for businesses especially as regulations are still evolving. To address these challenges, the AfA recommends that the Energy Market Authority (EMA) be the lead Government body to champion, drive, and coordinate rules and regulatory reviews in the solar sector.
- (ii) Encouraging industry adoption of Energy Storage Systems (ESS), for deployment in more spaces such as building basements. The AfA recommends encouraging the adoption of alternative ESS deployment methods, such as in building basements, to facilitate green transition efforts. The deployment of ESS has typically been allowed only on the ground floor to facilitate easy access for firefighters. The Singapore Civil Defence Force (SCDF) has taken into consideration industry feedback, including from the AfA, to review the regulations concerning the deployment of ESS. Through a workgroup it led that comprised representatives from the industry, professional bodies, academia and statutory boards, SCDF has incorporated new fire safety requirements into the Fire Code that would facilitate ESS deployment in basements – making Singapore among the first in the world to do so.
- (iii) Streamlining regulatory and approval processes to support businesses in building and infrastructure works. While businesses recognise the need to transform through upgrading infrastructure and buildings to keep pace with innovation and growth, lengthy regulatory processes and complex compliance requirements can inflate operational expenses and delay transformative projects. BCA and URA, with support from other Built Environment agencies, have streamlined the regulatory journey from more than 20 approval touchpoints across seven agencies into three key approval gateways, through the launch of CORENET X. Regulatory agencies will issue a consolidated response to each submission from the project team, rather than separately. Service standards to respond to the industry will also be established.

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<sup>2</sup> Meanwhile, businesses developing innovative green technologies may submit proposals requiring a regulatory sandbox to the Green Economy Regulatory Initiative.

- (iv) Creating a dedicated service to help businesses navigate complex regulatory issues through a Pro-Enterprise Centre. The AfA recommends providing an advisory touchpoint for businesses facing regulatory issues, that can offer additional support beyond what SME Centres provide today. The AfA is heartened that the Government has taken up its feedback and will establish a Small and Medium-Sized Enterprises Pro-Enterprise Office (SME PEO) under Enterprise Singapore (EnterpriseSG) in 2025. This office will serve as a dedicated, one-stop business-facing entity to assist SMEs with regulatory feedback and navigate WOG rules and regulations.