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S\$33b more to help firms, households, and to save, create jobs

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With the pandemic having accelerated firms’ digital transformation efforts, the Fortitude Budget will allocate more than S\$500 million to encourage this. This includes the new Digital Resilience Bonus for firms that adopt certain digital solutions, starting with the F&B and retail sectors.

For workers, the S\$2 billion SGUnited Jobs and Skills Package will create 40,000 jobs, 25,000 traineeships, and 30,000 full-time training places, with hiring incentives for employers who hire local workers of all ages who have undergone eligible traineeship or training schemes.

OCBC Bank chief economist Selena Ling said this will help to buffer the toll on the domestic job market, while minimising structural shocks from the accelerated digital transition.

The Singapore Chinese Chamber of Commerce and Industry will help



With unprecedented levels of uncertainty in the Covid-19 crisis, the government will set aside an additional S\$13 billion in the Contingencies Funds “so that we can respond to urgent and unforeseen needs swiftly”, says Mr Heng. PHOTO: GOV.SG

its members make job and traineeship opportunities available under this scheme, and tap other measures, said its president Roland Ng.

Households, too, will get more support, with a further S\$800 million for the existing Covid-19 Support Grant. All households with at least one Singapore citizen, regardless of property type, will get a one-off S\$100 Solidarity Utilities Credit. Students and seniors will get support in going digital.

On the social front, top-ups will be made to the Enhanced Fund-Raising Programme and Invictus Fund for social service agencies.

Apart from new moves, the Fortitude Budget includes S\$3.8 billion of support during the extended circuit breaker, as announced on April 21.

As of noon on Tuesday, 383 new cases of Covid-19 were confirmed, including one Singaporean or permanent resident. This takes Singapore’s

total to 32,343.

The Fortitude Budget marks the second draw on past reserves in this financial year, taking the total draw on past reserves up to S\$52 billion this year. For the previous Unity, Resilience, and Solidarity Budgets, “we used up almost all our accumulated surpluses since the start of this term of government”, noted Mr Heng.

The Constitution allows Parliament to create Contingencies Funds,

with a total of S\$3 billion set aside in each year’s Budget in the Contingencies Fund and the Development Contingencies Fund. With unprecedented levels of uncertainty in the Covid-19 crisis, the government will set aside an additional S\$13 billion in the Contingencies Funds “so that we can respond to urgent and unforeseen needs swiftly”, he said.

The Fortitude Budget will be debated in Parliament on June 4.

S\$33b more to help firms, households, and to save, create jobs

Fortitude Budget unveiled by DPM Heng aims to create 95,000 jobs, training places

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 Fortitude Budget highlights

<https://www.businesstimes.com.sg/government-economy/s33b-more-to-help-firms-households-and-to-save-create-jobs>

Singapore

TO support firms, save jobs, and create opportunities for workers, a S\$33 billion supplementary Budget was presented by Deputy Prime Minister and Finance Minister Heng Swee Keat in Parliament on Tuesday, drawing a further S\$31 billion from past reserves for the fourth Budget this year.

The Fortitude Budget includes extensions and enhancements of existing measures, and a scheme to create 95,000 jobs and training places.

While providing immediate support for Singapore's phased reopening, it also prepares firms and workers for the longer-term "new normal" in the Covid-19 crisis, said analysts.

"While we try to preserve jobs in the midst of this crisis, we cannot protect every job. However, you have my assurance that the government will protect every worker," said Mr Heng.

With this Fortitude Budget, total government support in the Covid-19 crisis has risen to S\$92.9 billion, or almost a fifth of GDP. Singapore faces its largest overall budget deficit since independence, of S\$74.3 billion or 15.4 per cent of GDP.

Barclays economist Brian Tan estimates that the Fortitude Budget implies additional fiscal support equivalent to 6.2 per cent of GDP, which "appears sizeable enough to offset the continued economic drag under Phase One" of reopening and reduces downside risks to Barclays' full-year forecast of a 4.5 per cent fall in GDP.

On Tuesday, the Ministry of Trade and Industry raised its full-year GDP forecast contraction to between 4 and 7 per cent, from the previous range of -4 to -1 per cent.

This will be Singapore's worst recession since independence, Prime Minister Lee Hsien Loong said in a Facebook post, but added: "The fiscal prudence and discipline of successive governments have put us in a strong position to overcome this crisis, and emerge stronger after the pandemic."

"Saving and creating jobs will be our priority," he said. This is alongside help for frontline agencies, households and communities, and the needy and vulnerable: "No one will be left behind."

As Singapore gradually reopens after the circuit breaker period ends on June 1, existing schemes for firms have been extended. Wage support under the Jobs Support Scheme will be enhanced in three ways, with the changes costing S\$2.9 billion in total.

First, it will be extended by one month for all firms, at non-circuit breaker levels; second, firms that cannot resume operations immediately will continue to get wage support of 75 per cent until August 2020 or when they can reopen, whichever is earlier; and third, more sectors will be deemed "severely affected" and receive higher support.

Calling the Fortitude Budget "a bold stroke that helps businesses regroup for the second half of the year", Association of Small & Medium Enterprises president Kurt Wee said the extension of 75 per cent support is particularly appreciated as June will "remain a very painful month for SMEs".

Foreign worker levy waivers and rebates will be extended for up to two months for businesses that cannot resume operations immediately.

To help with rentals, a S\$2 billion cash grant will be given to small and medium enterprises. A new law will require landlords to grant rental waivers to SME tenants who have suffered a significant revenue drop. Government tenants will get one to two more months of rental waivers.

There is also targeted support, with S\$285 million in financing for startups, aiming to catalyse at least another S\$285 million in matching private investments.

The built environment sector will get co-funding for costs incurred in meeting requirements for the resumption of work.

Most businesses are expected to reopen by July, said Mr Heng. For sectors such as aviation and tourism, which will take longer to reopen fully, the government "will consider providing additional help, depending on the situation and longer-term shape of these industries, and plans for the economy", he said.

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The Singapore Chinese Chamber of Commerce and Industry will help its members make job and traineeship opportunities available under this scheme, and tap other measures, said its president Roland Ng.

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Fortitude Budget highlights



S\$33 billion with S\$31 billion to be drawn from past reserves

■ **S\$2.9 billion in Jobs Support Scheme** enhancements: extended for all firms for another month; 75% support level extended for firms that cannot re-open immediately; more sectors considered "severely affected", with higher support

■ **Foreign worker levy waivers, rebates** extended for up to two months for businesses that cannot resume operations immediately

■ **Deferment of rise in CPF contribution rates** for senior workers, to January 2022

■ **S\$2 billion in cash grants to offset rentals** for small and medium enterprises

■ Additional one or two months of **rental waivers for government tenants**

■ **S\$285 million in financing support for startups**

■ **More support for built environment** sector, including co-sharing of costs for safe working requirements

■ **S\$500 million** to support digitalisation, including **Digital Resilience Bonus** for digital solution adoption in F&B, retail

■ **S\$2 billion SGUnited Jobs and Skills Package**, with 40,000 jobs, 25,000 traineeships, 30,000 training places, and hiring incentives

■ Additional S\$800 million for **Covid-19 Support Grant**

■ **Top-ups** to Enhanced Fund-Raising Programme, Invictus Fund for social service sector