



SOLIDARITY BUDGET

## Another S\$5.1b to ease pressure on firms, households, and to save jobs

Measures - which include higher wage offsets, waiver of foreign worker levies in April and higher rental waivers - will see second draw on reserves

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A supplementary S\$5.1 billion Solidarity Budget was announced by Deputy Prime Minister and Finance Minister Heng Swee Keat in Parliament on Monday, to support households and businesses through the four-week circuit breaker period to combat the Covid-19 pandemic. ST PHOTO: NG SOR LUAN

 Solidarity Budget highlights

Singapore

<https://www.businesstimes.com.sg/government-economy/singapore-budget-2020/another-s51b-to-ease-pressure-on-firms-households-and-to>

A SUPPLEMENTARY S\$5.1 billion Solidarity Budget was announced by Deputy Prime Minister and Finance Minister Heng Swee Keat in Parliament on Monday, to support households and businesses through the four-week circuit breaker period to combat the Covid-19 pandemic.

This includes higher wage offsets in April, greater eligibility for self-employed income relief, waiving foreign worker levies in April, higher rental waivers, and a S\$600 cash payout.

The additional support for businesses and workers will cost S\$4 billion, and the cash payout another S\$1.1 billion. A second draw on past reserves - amounting to S\$4 billion - has been proposed, and in-principle support obtained from the President.

This comes just 11 days after the supplementary Resilience Budget on March 26. Mr Heng noted that the global pandemic "has exploded" since then, with over a million people infected and half of the world in lockdown.

Singapore has progressively ratcheted up its own measures, including the circuit breaker measures from April 7 to May 4, involving the closure of most workplaces apart from essential services and other exceptions.

In a Facebook post, Prime Minister Lee Hsien Loong said that the Solidarity Budget is "to help see Singaporeans through the circuit breaker period", but warned that these measures "will be in vain, unless we all comply strictly with the measures".

"The circuit breaker is essential, but we are acutely aware that it will be painful," said Mr Heng. Restrictions in trading partners will also reduce demand for Singapore's exports, with gross domestic product (GDP) growth expected to be hit. "But we must take these hard decisions, make the difficult adjustments, and do all that we can in the next few months, to protect the lives of our people," he said.

Singapore Chinese Chamber of Commerce and Industry (SCCCI) president Roland Ng said the package gives "very timely help", adding: "For the coming one month, although it will be painful and disruptive for businesses, I urge companies to adjust and adapt, and comply with these circuit breaker measures, with a view that we hope these measures can be eased or removed after one month."

Singapore Business Federation chief executive officer Ho Meng Kit said this provides "immediate, direct and substantial help which our businesses need so as to survive the circuit-breaker period and save jobs".

The Jobs Support Scheme introduced in the original Budget will be enhanced for one month, offsetting 75 per cent of gross monthly wages for the first S\$4,600 of wages for each local employee in April. This enhancement "makes it a lot less burdensome on employers to retain local workers", said Ernst & Young Asean workforce advisory leader Samir Bedi.

Foreign worker levies due in April will be waived and employers will also get foreign worker levy rebates.

Industrial, office and agricultural tenants of government properties will get a 1 month rental waiver, up from half a month previously.

Eligibility changes will mean that about 100,000 self-employed persons will automatically benefit from the Self-Employed Person Income Relief Scheme, up from 88,000 before.

The government's risk share will rise to 90 per cent from 80 per cent previously, for loans initiated from April 8, 2020 till March 31, 2021, under three loan programmes

And all adult Singaporeans will get a one-off S\$600 Solidarity Payment in cash, comprising S\$300 brought forward from the earlier Care and Support payout, and an additional S\$300.

President Halimah Yacob had given in-principle support for the drawing of up to S\$17 billion from past reserves to partly fund the Resilience Budget. The government has proposed a further S\$4 billion draw on reserves for the Solidarity Budget and obtained her in-principle support for this too. The remaining S\$1.1 billion will be funded from the fiscal space of the current term of government.

In a Facebook post, President Halimah said that Prime Minister Lee Hsien Loong and Mr Heng had discussed the severity and urgency of the situation with her last week. "I agreed with them that we need to provide additional support quickly and decisively," she said.

Including measures in the original Budget and the two supplementary budgets, the government's response to Covid-19 will total S\$59.9 billion, or about 12 per cent of GDP. The overall budget deficit for FY 2020 will be S\$44.3 billion or 8.9 per cent of GDP.

"We have the plans, and the financial resources to carry out these plans without burdening future generations with the bill," said Mr Heng.

"The key now is how we pull together, in solidarity, as a nation to implement these plans, and make adjustments as the situation continues to evolve."

The Straits Times Index rose throughout Monday, dipping near the end of Mr Heng's speech but recovering to end up 81.30 points or 3.4 per cent at 2,470.59 points, in line with improved sentiments in Asia.

Supplementary budget notwithstanding, OCBC Bank chief economist Selena Ling is sticking to her forecast for Singapore's GDP to contract 3 per cent in

2020, while noting downside risks from the circuit breaker and growing global recession headwinds.

In Monday's Parliamentary sitting, 29 Members of Parliament and office-holders spoke in the debate on the two supplementary budgets. The debate continues on Tuesday.