

# Protecting livelihoods, preparing for the future

**Solidarity Budget 2020**



## Three Budget support packages delivered within two months

With the Prime Minister's announcement of the circuit breaker effective from 7 April 2020, we expect businesses to have difficulties sustaining without Government intervention.

The S\$5.1 billion Solidarity Budget announced by Deputy Prime Minister Heng Swee Keat on 6 April 2020 is targeted at cushioning the impact of the one-month long circuit breaker on the workforce and the livelihoods of our people. It involves a further S\$4 billion drawdown of past reserves.

Together with the earlier announced Unity and Resilience Budgets, the Solidarity Budget cumulatively will deliver close to S\$60 billion of support, about 12% of GDP, in response to COVID-19.

This recognises that the war against COVID-19 will be a long drawn out one which will test the solidarity of the nation, as the potential for more jobs being lost and enterprises going under is a clear and present danger.

### Supporting businesses on 3 Cs – Cash, Cost and Credit

#### Cash

The biggest announcement involved enhancing the wage subsidy under the Jobs Support Scheme from 25% (announced in the Resilience Budget) to 75% (of up to the first S\$4,600 gross monthly wages) for each local employee in April 2020 in all industries.

By providing significant and immediate wage support via the enhanced Jobs Support Scheme, it is expected that job losses can be kept to a minimum. This is in sync with the National Wage Council's recommendation for businesses to "tap on Government support to offset business and wage costs, and press on with business and workforce transformation," to take a long-term view of their manpower needs.

However, businesses – especially those that are unable to operate during the circuit breaker period – may still grapple with the immense challenge of bearing the remaining wage costs that are not funded by the Government.

#### Cost

The other measures to waive Foreign Worker Levy for the month of April 2020, grant a rebate for each work permit or S-pass holder, and accelerate the payouts, will also help businesses manage costs. New legislation will also be enacted to ensure that there is flexibility in contractual obligations and that landlord will pass on property tax rebates to tenants in full.

#### Credit

The enhanced financing support in the form of increased government risk share from 80% to 90% should help enterprises address liquidity issues over the next year.

Taken together, these measures should enable many fragile businesses to survive the immediate adverse effects of COVID-19.

While the government continues to assure the nation that they will not hesitate to provide even more help where required, the question remains as to how much more Singapore can afford to continue drawing down from reserves.

It is therefore our hope that the community will stand united, demonstrate our resilience, and press on through this circuit breaker period and beyond in solidarity, so as to overcome the fight against COVID-19, sooner rather than later.

Key details of the Solidarity Budget are summarised in the Annex.

# Annex

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## ▶ Supporting enterprises during this challenging period

To ensure that businesses stay viable during and after the one-month circuit breaker period, the Government has announced further measures in the Solidarity Budget to support businesses' cash flow needs.

- **Further easing of labour costs**
  - Waive the monthly Foreign Worker Levy for the month of April 2020
  - Grant a Foreign Worker Levy rebate of S\$750 for each work permit or S-pass holder – to be received as early as 21 April 2020
- **Further support for rental costs**
  - Introduce new legislation on 7 April 2020 to allow deferment of certain contractual obligations, like paying rent, and ensure property owners pass on property tax rebates announced in the Unity Budget and the Resilience Budget in full to tenants
  - Increase rental waiver for industrial, commercial and agricultural tenants of Government agencies from 0.5 month to 1 month
- **Enhanced financing support**
  - Increase Government's risk share of loans initiated from 8 April 2020 to 31 March 2021 under the following programmes, from 80% announced in the Resilience Budget to 90%:
    - Temporary Bridging Loan Programme
    - Enterprise Financing Scheme – SME Working Capital Loan
    - Enterprise Financing Scheme – Trade Loan
  - Allow SMEs to defer repayment of their principal payments on secured term loans till the end of the year

## ▶ Protecting people's livelihoods

In its commitment to saving jobs and protecting livelihoods, the Government has enhanced cash flow support to self-employed persons ("SEPs") and further urged employers to retain workers.

- **Enhanced Jobs Support Scheme**
  - Raise wage support for all firms from 25% announced in the Resilience Budget to 75% of gross monthly wages on the first S\$4,600 in April 2020 for each local employee
  - Bring forward the first payout from May 2020 to April 2020
- **Enhanced SEPs Income Relief Scheme**
  - Include SEPs who also earn a small income from employment work
  - Raise the annual value threshold from S\$13,000 announced in the Resilience Budget to S\$21,000



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