

## Highlights of Singapore's Ministerial Statement on 5 October 2020

### Executive summary

Since February 2020, the Government has delivered four Budget Announcements (the Unity Budget, Resilience Budget, Solidarity Budget and Fortitude Budget), and two Ministerial Statements, the latest being the current one delivered on 5 October 2020.

In this Ministerial Statement, Deputy Prime Minister and Minister for Finance, Mr. Heng Swee Keat announced the extension and enhancement of certain existing programmes together with the unveiling of a new Research, Innovation and Enterprise Plan and one-off additional support for newborns.

## Discussion

### Extension and enhancement of previous measures

#### 1. Enhanced Training Support Package (ETSP)

The ETSP was originally announced in the Unity Budget in February 2020. The ETSP is a time-limited programme to cover up to 90% of eligible course fees in selected sectors, as well as absentee payroll at 90% of the basic hourly salary, capped at S\$10 per hour. The ETSP was time-limited to cover eligible courses starting before 1 January 2021.

The ETSP will be extended for another 6 months, until 30 June 2021, to provide enhanced course fee subsidies for firms in the hardest-hit sectors.

With effect from 5 October 2020, the ETSP will also be extended to the marine and offshore sector, on top of the qualifying existing sectors such as air transport, retail and tourism.

The absentee payroll rates under the ETSP will be reduced from the current 90% to 80% of hourly basic salary with effect from January 2021. The current cap of S\$10 an hour will be reduced to S\$7.50 an hour. This is in recognition of the recovering economic situation.

#### 2. Job Growth Incentive (JGI)

The JGI provides support to employers to accelerate their hiring of local workforce from September 2020 to February 2021 so as to create good and long-term jobs for locals. Employers that increase their overall local workforce between September 2020 to February 2021 (inclusive) will receive government support. The wage support is 25% (or 50% for mature local hires aged 40 and above) of the first \$5,000 of the gross monthly wages paid to all new local hires, for a period of 12 months from the date of hire, subject to satisfaction of qualifying conditions.

The higher tier of wage support at 50% under the JGI will now be provided to all persons with disabilities as persons with disabilities may face greater challenges in finding jobs. This will apply to new hires of persons with disabilities from September 2020 to February 2021.

#### 3. Capability-building grants

The existing various capability-building grants will be extended or enhanced to enable firms to tap on new sources of growth as they internationalise, transform and digitalise. More details will be announced by the

Ministry of Trade and Industry (MTI) in the coming weeks. These grants are:

- ▶ Market Readiness Assistance Grant
- ▶ Productivity Solutions Grant
- ▶ Enterprise Development Grant
- ▶ PACT Programme

#### 4. Loan schemes

To ensure that the existing support for businesses does not taper off too sharply, the following two schemes will be extended until September 2021:

- ▶ Temporary Bridging Loan Programme (at reduced level)
- ▶ MAS Singapore Dollar Facility for Enterprise Singapore Loans

In addition, the support available under the Enterprise Financing Scheme will be adjusted to help Singapore enterprises access financing in areas such as trade and project needs. More details will be announced by the MTI and Monetary Authority of Singapore (MAS) later.

#### 5. Transitioning individuals and small and medium-sized enterprises (SMEs) gradually to full loan payments

Banks and finance companies, since April 2020, have been providing payment deferrals for individuals and SMEs facing short term challenges in servicing their loan instalments. These payment deferral schemes will expire by December 2020. Borrowers who are able to resume repayment of their loan instalments in full should start doing so from 1 January 2021. However, for those who need more time to resume repayments, as well as those who were previously not under any payment deferral but are now facing cashflow challenges, various extended credit support measures for individuals and SMEs are announced by the MAS on 5 October 2020. These extended measures will progressively expire over 2021.

### New five-year Research, Innovation and Enterprise (RIE) Plan

In December 2020, the Government will unveil a new five-year RIE Plan that will build on earlier investments and enhance research to support areas of national priority. The areas of priority include early childhood development, lifelong learning, and keeping our seniors healthy. There will also be expansion of our transformation of the manufacturing, aviation and maritime industries, and deepening of our

capabilities as a Smart Nation and sustainable society.

Other ongoing efforts and initiatives to position Singapore as the Global-Asia node of technology, innovation and enterprise include:

- ▶ Singapore IP Strategy 2030 to position Singapore as a global intellectual property centre in Asia.
- ▶ Integration of the work of the Future Economy Council and the RIE Plan to accelerate transformation into an innovation-led economy that is powered by technology.
- ▶ Promotion of Open Innovation Network, an online platform that brings problem owners and problem solvers together to create industry-led solutions.

#### **One-off additional support for newborns**

To help aspiring parents deal with parenthood expenses during this pandemic period, the Government will introduce a one-off additional support for newborns. This will be on top of the Baby Bonus Cash Gift, which provides eligible parents up to S\$10,000 in benefits. More details on the additional support will be released soon.

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