



Press Release

BUDGET 2020: *ADVANCING AS ONE SINGAPORE*

1 Deputy Prime Minister and Minister for Finance Heng Swee Keat delivered the Singapore Government's Budget Statement for Financial Year 2020 in Parliament on Tue, 18 February 2020.

2 Budget 2020 is presented against a backdrop of the on-going COVID-19 outbreak, as well as broader uncertainties in the landscape.

3 There are also long-term structural shifts taking place around the world – a decline in support for globalisation, a shift in economic weight towards Asia, technological disruption, and an ageing population in many countries.

Immediate Challenges

4 The Government's immediate concern is to protect Singaporeans from the risk of a further spread of the COVID-19 virus. \$800 million will be set aside for the Ministry of Health and other ministries to respond to this outbreak.

5 Concurrently, there are concerns on the economy and jobs. A \$4 billion **Stabilisation and Support Package** will help workers and enterprises weather near-term economic uncertainties. The Government will introduce a Jobs Support Scheme to provide wage support to enterprises that retain local workers, and enhance the Wage Credit Scheme to help enterprises with the cost of wage increases. We will also grant a corporate income tax rebate for YA 2020, and introduce other measures to help enterprises with their cash flow.

6 In 2018, the Government announced plans to raise the GST rate some time from 2021 to 2025. After reviewing our revenue and expenditure projections, and considering the current state of the economy, the planned GST rate increase will not take effect in 2021. When the GST rate is raised, the Government will provide a \$6 billion Assurance Package to cushion the increase for all Singaporeans.

Budget 2020 as a Strategic Financial Plan

7 Budget 2020 outlines a strategic financial plan to prepare Singapore and Singaporeans to seize new opportunities amid short-term uncertainties and longer-term structural changes, by

- (a) **Growing** our economy and transforming our enterprises
- (b) **Caring** for and nurturing Singaporeans at every stage of their lives
- (c) **Building** and **securing** our nation
- (d) Working **together** with Singaporeans

Growing our Economy and Creating Opportunities for Our People

8 Singapore's industry transformation efforts are bearing fruit. Productivity is rising, our enterprises are entering new markets, and real median income for Singaporeans has grown. We must continue building on these efforts to realise our vision of positioning Singapore as a Global-Asia node of technology, innovation, and enterprise. Singapore will be an economy driven by innovation and digitalisation, and a launch pad for enterprises to access Asia and go global. Our enterprises will compete on value, reach new customers, and be powered by skilled and adaptable workers. To support this, Budget 2020 will allocate \$8.3 billion to drive our **Transformation and Growth** strategy.

9 First, we will strengthen partnerships. Internationally, Singapore will continue to deepen our network of economic linkages in digital partnerships, trade, investment, and avoidance of double taxation. We will further strengthen partnerships between Government, industry and the research community, as well as within industries to bring good ideas to global markets and deepen industry-wide capabilities. Enterprise Singapore will launch a pilot Executive-in-Residence programme to support more than 10 Trade Associations and Chambers in providing expert advice, as well as introduce a Heartland Enterprise Upgrading Programme.

10 Second, we will deepen enterprise capabilities by enhancing support for enterprises at each stage of their growth. For startups, the Government will provide additional funding to Startup SG Equity. To help companies grow, we will roll out an Enterprise Grow Package. For more mature companies, we will introduce an Enterprise Transform Package, along with other programmes.

11 Third, we will enable our people to thrive in the future economy. We will nurture every Singaporean and help all embrace lifelong learning. For tertiary students, we will support them in gaining overseas exposure and experience. For those already in the workforce, we will invest in the Next Bound of SkillsFuture, which includes a one-off SkillsFuture Credit top-up of \$500, a new SkillsFuture Enterprise Credit for employers, and a SkillsFuture Mid-Career Support Package for workers in their 40s and 50s to help them stay employable. We will also introduce a Senior Worker Support Package to support lifelong employability. In line with enterprise transformation and upskilling of local workers, we will reduce the S-Pass sub-Dependency Ratio Ceilings for the Construction, Marine Shipyard and Process sectors from 20% to 15%.

Caring for Singaporeans, Building an Inclusive Home

12 Budget 2020 builds on existing efforts to support our families, support and enable seniors in retirement, and promote a stronger giving culture. For the young, the Government has invested significantly in the early childhood sector. We will enhance the MOE Financial Assistance Scheme and ITE bursaries.

13 For families and households, we will introduce a \$1.6 billion **Care and Support Package** to provide greater assurance and defray some expenses. The Package comprises different components, with all adult Singaporeans receiving up to \$300 in a

cash payout, and eligible HDB households receiving double the current amount of utilities rebate.

14 For seniors in Singapore, Budget 2020 will increase retirement support for them by enhancing housing monetisation schemes, introducing a Matched Retirement Savings Scheme, and enhancing the Silver Support Scheme. The Government will further promote greater volunteerism among seniors.

15 To support the employment of persons with disabilities, we will introduce a new Enabling Employment Credit. We will also set up a new Community Capability Trust to support the social service sector and build a stronger giving culture.

Sustaining Singapore's Successes

16 To build a liveable and sustainable home, we must take steps to address climate change. We will continue to support global efforts, promote green growth, manage greenhouse gas emissions, galvanise Singaporeans to take action, and adapt to climate change. We will continue to invest in our external, internal and digital security to keep Singapore safe and secure.

17 To ensure fiscal sustainability, we will pursue a differentiated fiscal strategy. For infrastructure, which has long-term benefits, the Government will undertake disciplined and prudent borrowing as an additional financing approach. For recurrent needs, we will continue to rely on tax revenue.

Partnering Singaporeans

18 To build our future Singapore together, we must build a democracy of deeds, and harness the creative energies and commitment of our people. We intend to make partnerships an integral part of the core business of government agencies, and work with citizens to make a better impact.

Conclusion

19 Budget 2020 outlines our plans to deal with our immediate challenges, and to thrive in a new decade marked by deep structural shifts across the world. Working together, Singapore can continue to remain exceptional. We have built up the capital – financial, human, and social – to go the distance. Together, we will advance as One Singapore.

20 More details of Budget 2020 can be found on the Singapore Budget website, at www.singaporebudget.gov.sg.

MINISTRY OF FINANCE
18 FEBRUARY 2020