

# BUDGET 2020

## ADVANCING AS ONE SINGAPORE

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## A. RESPONDING TO CHALLENGES IN A NEW DECADE

- A1. Mr Speaker, Sir. I beg to move, that Parliament approves the financial policy of the Government for the Financial Year 1st April 2020 to 31st March 2021.
- A2. This year, we usher in a new decade – one marked by tectonic shifts in our operating environment, and major uncertainties.

### Economic Outlook

- A3. Singapore's economy grew by a modest 0.7% in 2019<sup>1</sup>. This is the weakest growth since the 2008 Financial Crisis.
- A4. Just as the global economy was beginning to recover, the Coronavirus Disease 2019, or COVID-19, outbreak hit us.
- A5. The outbreak will certainly impact our economy.
- a. The tourism and aviation industries are most directly affected. Visitor arrivals to Singapore and air traffic through Changi have declined, and with it, hotel occupancy rates.
  - b. The virus outbreak has also disrupted supply chains and created ripple effects on other sectors, especially now that our economy is so much more integrated with China's.
- A6. The Ministry of Trade and Industry (MTI) has downgraded the GDP forecast from between 0.5% to 2.5%, to between -0.5% and 1.5%.
- a. However, the duration and severity of this outbreak and the impact on the global economy are still unclear.
  - b. While MTI's baseline is for GDP growth to come in at 0.5% for the full year, we must be prepared that the economic impact may be worse than we projected.

### Dealing with the Immediate Challenges

- A7. Our immediate concern is to protect you and your families. We will put in every effort to slow down the spread of the virus.
- a. Our frontline agencies have been fighting and containing the outbreak. I will set aside an additional **\$800 million** in this Budget to support these efforts. The bulk of this will go to the Ministry of Health. This is on top of the substantial resources already committed each year to public health.

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<sup>1</sup> Source: Economic Survey of Singapore 2019, Ministry of Trade and Industry.

- b. Let me, on behalf of the Government, express our gratitude to all our frontline officers who have been working tirelessly, day and night, over weekends, in our fight against the outbreak. You have exemplified the resilience and indomitable spirit of our people. But please take care of yourselves.
  - c. I am confident that together, we will stay strong, and get through these trying times.
- A8. With these uncertainties, I know Singaporeans are understandably very concerned about the impact on our businesses and jobs.
- a. **I will introduce two special packages, with a total budget of \$5.6 billion.**
    - i. The first is the Stabilisation and Support Package. This will stabilise the economy and support our workers and enterprises, by helping workers to stay in their jobs and enterprises with cash flow. I will give additional help to sectors more directly affected by the outbreak.
    - ii. Households will be impacted by the slowdown too. In every Budget, we always provide support to families. But in view of the current situation, we will have a special Care and Support Package, to provide additional, timely help to more households with cost of living. The less well-off will get more help.

### **Stabilising and Supporting our Economy in the Near-Term**

- A9. First, let me elaborate on how we will help our workers and enterprises to weather the near-term economic uncertainties.
- A10. Our foremost concern is jobs. We want to help our workers retain their jobs, and use any lull period to upgrade their skills, and be ready when the upturn comes. As NTUC Secretary-General Ng Chee Meng and his union leaders said, 'Every worker matters'.
- A11. I will therefore provide a **Stabilisation and Support Package**, amounting to **\$4 billion**.
- A12. To help our workers stay employed, I will support enterprises by defraying their wage cost, through two schemes.
- a. I will introduce a **Jobs Support Scheme** to help enterprises retain their local workers. For every local worker in employment, I will offset 8% of the wages, up to a monthly wage cap of \$3,600, for three months.
    - i. This payment will be given to employers by the end of July this year.
    - ii. With over 1.9 million local employees in Singapore, this will cost the Government \$1.3 billion and benefit all enterprises and their local employees.

- b. For enterprises that have invested in raising productivity, I urge them to continue to upgrade and to share the gains with their workers. Hence, I will **enhance the Wage Credit Scheme** to support wage increases for Singaporean workers.
    - i. Currently, the Wage Credit Scheme co-funds wage increases for Singaporean employees earning a gross monthly wage of up to \$4,000.
    - ii. I will raise the monthly wage ceiling from \$4,000 to \$5,000, for qualifying wage increases given in 2019 and 2020, so that more Singaporean employees will benefit.
    - iii. I will also raise the Government co-funding levels for 2019 and 2020 qualifying wage increases by five percentage points, to 20% and 15% respectively.
    - iv. With these enhancements, another \$1.1 billion will go to about 90,000 enterprises, to benefit more than 700,000 Singaporean employees.
- A13. The Stabilisation and Support Package will also provide economy-wide support to help enterprises with cash flow.
- a. First, I will grant a **Corporate Income Tax Rebate** for Year of Assessment 2020, at a rate of 25% of tax payable, capped at \$15,000 per company. This rebate will benefit all tax-paying companies, and cost about \$400 million.
  - b. I will also **enhance several tax treatments under the corporate tax system for one year**. For instance, I will allow enterprises a faster write-down of their investments in plant and machinery, and renovation and refurbishment, incurred for Year of Assessment 2021. This will put more cash in the hands of our enterprises.
    - i. For example, hotels can now take advantage of this lull period to carry out upgrading work, and be better prepared for the upturn.
  - c. To help enterprises access working capital more easily, I will also **enhance the Enterprise Financing Scheme's Working Capital Loan component** for one year. I will raise the maximum loan quantum from \$300,000 to \$600,000, and increase our risk-share on these loans to 80%, from the current 50% to 70%. With the large part of the risks taken up by the Government, I trust that our financial institutions will do their part to support viable SMEs.
  - d. We will also support tenants and lessees of government-managed properties, including those under JTC, HDB, SLA, STB, and SDC. They can approach our agencies to discuss options for **more flexible rental payments** such as instalment plans. Each request will be assessed individually, taking into account the enterprise's circumstances.
- A14. Sectors directly affected by COVID-19 will get additional support. These five sectors are: tourism, aviation, retail, food services, and point-to-point transport services.

- a. To help employers in these sectors retain and reskill workers:
  - i. We will enhance support under the Adapt and Grow initiative for this year, specifically through **redeployment programmes** in the tourism, aviation, retail, and food services sectors. For these sectors, we will extend the funding period for reskilling from three months to a maximum of six months.
  - ii. Together with the Jobs Support Scheme, we will support employers in these sectors to retain and train more than 330,000 local workers. These workers can make full use of the down time for training and upskilling, to prepare for the recovery.
- b. We will also help affected sectors with their operating costs and cash flow. For the tourism sector:
  - i. I will grant a **Property Tax Rebate** of 30% for the year 2020, for the accommodation and function room components of licensed hotels and serviced apartments, and prescribed Meetings, Incentives, Conventions, and Exhibitions (MICE) venues. International cruise and regional ferry terminals will receive a 15% Property Tax Rebate, and the Integrated Resorts will receive a 10% Property Tax Rebate.
  - ii. For enterprises in the tourism sector, we will be working with Participating Financial Institutions to introduce a **Temporary Bridging Loan Programme** for a year, with a loan quantum of up to \$1 million and interest rate capped at 5%. The Government will take on 80% of the risk of the loan. This will provide more cash flow on top of the enhanced working capital loan I announced earlier.
- c. For the aviation sector:
  - i. We will implement a suite of measures, comprising **rebates on aircraft landing and parking charges, assistance to ground handling agents, and rental rebates for shops and cargo agents at Changi Airport.**
  - ii. I will also grant a **15% Property Tax Rebate** for Changi Airport.
- d. To support commercial establishments in the food services and retail business:
  - i. The Government will take the lead. NEA will provide a **full month of rental waiver** to stallholders in NEA-managed hawker centres and markets. Other Government agencies, like HDB, will provide **half a month of rental waiver** to its commercial tenants.

- ii. To support establishments that operate in private property, I will also grant a **15% Property Tax Rebate** for qualifying commercial properties. I strongly urge landlords to pass this on to their tenants by reducing rentals.
  - e. The Ministry of Transport has announced a Point-to-Point Support Package. I am heartened to know that many taxi and private hire car operators have come out strongly to support the initiative by matching the Government's contribution. This spirit of partnership is what we need to weather this challenging period together.
- A15. Details of the Stabilisation and Support Package are in the Annex. [See Annex A-1.] The Ministers in charge of the various measures will share further details in due course.
- A16. We will continue to monitor the situation closely. If needed, we can and are prepared to do more.
- A17. I will speak about the Care and Support Package for households later in my speech.

### **Maintaining Sound Finances to Respond to Uncertainties**

- A18. The COVID-19 outbreak is a stark reminder of the continued importance of maintaining a sound fiscal footing to deal with surprises and unexpected scenarios.
- a. In particular, we are able to mount a decisive response to support Singaporeans and workers through uncertain times only because of good long-term planning.
- A19. I announced in 2018 that we plan to raise the GST by two percentage points, to 9%, sometime from 2021 to 2025. This is to raise recurrent revenues to meet our growing recurrent spending, particularly for healthcare.
- A20. After reviewing our revenue and expenditure projections, and considering the current state of the economy, **I have decided that the GST rate increase will not take effect in 2021.** In other words, the GST rate will remain at 7% in 2021.
- A21. However, we will not be able to put off the increase indefinitely. In fact, this outbreak has reinforced the importance of continued investment in our healthcare system, including the capability to deal with outbreaks. And we will still require recurrent sources of revenue to fund our recurrent spending needs in the medium term.
- A22. Thus, the GST increase will still be needed by 2025.
- a. We will assess carefully the appropriate time for the increase. But rest assured we will provide Singaporeans sufficient lead time.
- A23. I want to assure everyone that when we raise the GST rate, we will ensure that our taxes and transfers system remains progressive.

- A24. We will continue to **absorb GST** on publicly-subsidised healthcare and education.
- A25. And just as we have done in the past, we will provide an **Assurance Package when the GST rate is raised**. This will be a **\$6 billion package** for Singaporeans, to cushion the increase as we transition to the higher GST rate.
- a. GST is paid by all in Singapore, including foreigners visiting and working here. But the Assurance Package will benefit Singaporeans.
  - b. The majority of Singaporean households will receive offsets to cover at least five years' worth of additional GST expenses incurred.
  - c. Lower-income households will receive much more. Those living in 1- to 3-room HDB flats will receive offsets equivalent to about 10 years' worth of additional GST expenses incurred.
- A26. Under the Assurance Package for GST, every adult Singaporean will receive a cash payout of **\$700 to \$1,600** over five years.
- a. To illustrate, a family of four with a combined income of \$6,000 living in a 4-room HDB flat can receive about **\$7,000** in offsets over five years in total. This includes cash of about **\$4,000**.
- A27. Over and above the transitional support, we already have the **permanent GST Voucher or GSTV scheme**. It defrays GST for lower- to middle-income Singaporeans. When the GST is raised, I will enhance the permanent GST Voucher scheme. I will maintain the Government's public commitment to:
- a. Fully offset the GST for the lower half of retiree households;
  - b. Significantly offset the GST for the upper half of retiree households; and
  - c. Offset about half of the GST for lower-income households with no elderly persons.
- A28. This is the Government's way of ensuring our system of taxes and transfers remains progressive and supports Singaporeans through the change, while enabling us to fund our future needs in a sustainable way.
- A29. To meet this commitment, **I will set aside \$6 billion for the Assurance Package in the GSTV Fund in this year's Budget**.

### **Navigating Long-Term Structural Shifts**

- A30. Even as we navigate our near-term challenges, we must maintain our focus on the longer term, and on Singapore's future.

- A31. I have spoken about the accelerating structural shifts in the world in my previous Budget speeches:
- a. First, the decline in support for globalisation;
  - b. Second, the shift in global economic weight towards Asia, which brings new opportunities;
  - c. Third, the rapid advancement of technology, and more recently, the risk of a technologically bifurcated world; and
  - d. Finally, our own transition to an ageing society, which presents challenges and opportunities.
- A32. We must understand these shifts, and their deep implications, as we chart our future together as one Singapore.
- A33. After the Second World War, nations experienced several decades of growth and prosperity.
- a. Trade barriers fell, and global trade grew rapidly.
  - b. Technological advances transformed people's lives beyond recognition.
- A34. Prosperity gave governments the resources to establish comprehensive safety nets and welfare programmes. These included unemployment benefits, pensions, and healthcare, among others.
- A35. But at the same time, globalisation and technology created winners and losers, and widened income inequalities between the skilled and unskilled.
- A36. There are growing sentiments that globalisation and the multilateral system have failed.
- a. As a result, nations are turning inwards. Protectionism and nativism are on the rise.
- A37. An ageing population, disruption to jobs, and slowing economic growth are adding to fiscal pressures.
- a. Yet it is politically untenable to cut back on social benefits.
  - b. When governments issue debt to fund social spending, they impose a growing debt burden on the next generation.
- A38. This is happening at a time when the global economy is experiencing weaker growth and dampened sentiment.

- a. Central banks have lowered interest rates to unprecedented levels.
  - b. In addition, asset purchases by central banks have resulted in abundant liquidity and raised concerns over the formation of asset bubbles.
  - c. In fact, with limited fiscal space, and ultra-low or even negative interest rates, governments and central banks are much less able to mount stabilisation measures.
- A39. On the strategic front, the friction in the US-China relationship is a major source of tension and uncertainty, affecting global economic growth.
- a. The recent Phase One trade deal between them has headed off an immediate escalation. But it will not resolve the underlying strategic competition. This involves political systems, ideologies, and values, and goes way beyond trade and technology.
  - b. On present trends, US-China tensions will recreate geopolitical fault lines, and portend a bifurcated global order.

### Advancing as One Singapore

- A40. I have sketched out the global structural shifts, economic uncertainties, and strategic tensions. I trust Members will see that we are entering a very challenging time. But we can, and we will pull through.
- A41. To deal with these major shifts, we need a capable government, working closely with our people, and a good plan.
- A42. As a city-state, we are small, but nimble.
- a. We are a trusted node for trade and investment between Asia and the world. This is because of our political stability, commitment to rule of law and multilateralism, ease of doing business, and strong intellectual property protection regime, among others.
  - b. As a multicultural society, we have welcomed diversity and embraced openness. Our diversity has made us stronger, and more valuable to the world.
- A43. Our biggest asset is our exceptional people.
- a. We have come together and weathered many past storms, like the Global Financial Crisis, SARS, and now, the ongoing COVID-19 outbreak.
- A44. Budget 2020 is our strategic financial plan to prepare Singapore and Singaporeans to meet these challenges and seize new opportunities.

A45. This Budget, I will lay out our plans in four areas:

- a. First, **to grow** our economy, transform our enterprises, to create opportunities for our people.
- b. Second, **to care** for and nurture Singaporeans at every stage of their lives, to build a caring and inclusive society, where no one is left behind.
- c. Third, **to build** a liveable and sustainable Singapore in the face of climate change, **secure** our sovereignty as an independent nation, and ensure our fiscal sustainability.
- d. And fourth, to mobilise Singaporeans **to work together** in this journey, to build a nation and a home we will always call our own.

## **B. GROWING OUR ECONOMY, CREATING OPPORTUNITIES FOR OUR PEOPLE**

B1. Let me start with growing our economy and transforming our enterprises.

### **Singapore as a Global-Asia Node of Technology, Innovation, and Enterprise**

B2. The structural changes I described earlier bring both opportunities and challenges.

- a. Technology and innovation will drive our productivity and our next phase of growth.
- b. Amidst declining support for globalisation, most of Asia remains committed to free trade and economic integration.
- c. The Asian economies have strong growth drivers, and are projected to account for half of global GDP by 2040<sup>2</sup>.

B3. Singapore is well-positioned to make the most of these structural changes. We recognised these changes early, and made an early start on economic transformation. We set up the Future Economy Council, or FEC, in 2017, and now have 23 Industry Transformation Maps, or ITMs.

- a. Our restructuring is bearing fruit.
  - i. In the last three years, overall productivity, as measured by real value-added per actual hour worked, rose by 2.6% per year. This is an improvement over the 2.2% per year growth in the preceding three-year period<sup>3</sup>.
- b. Our enterprises are also entering new markets, and doing business globally.
  - i. Singapore Business Federation's 2019 National Business Survey shows that 8 in 10 enterprises have an overseas presence, up from 7 in 10 the previous year, despite global uncertainties.
  - ii. Their spirit of enterprise augurs well for the future.
- c. Overall, these efforts at enterprise transformation have translated into good wage growth.
  - i. Between 2016 and 2019, real median income for Singaporeans grew by 3.7% per year, up from 3.2% per year in the preceding three years<sup>4</sup>.

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<sup>2</sup> Source: "Asia's Future is Now", McKinsey Global Institute, July 2019.

<sup>3</sup> Source: Ministry of Trade and Industry, Department of Statistics.

<sup>4</sup> Median gross monthly income of full-time employed Singapore citizens including employer CPF contribution. Source: Ministry of Manpower.

- B4. Two years ago, I set out our vision of Singapore as a Global-Asia node of technology, innovation, and enterprise.
- a. Our economy will be one driven by innovation and digitalisation.
  - b. Singapore will serve as a launch pad for multi-nationals and regional corporates to access Asia, and for Asian enterprises to go global.
  - c. Our enterprises will compete on value, and reach new customers.
  - d. And these enterprises will be powered by a skilled, adaptable and Asia-ready workforce.
- B5. To support this vision, in this Budget, I will introduce a set of measures to drive our **Transformation and Growth** strategy. There are three key thrusts:
- a. First, enabling stronger partnerships.
  - b. Second, deepening enterprise capabilities.
  - c. Third, developing our people.
- B6. Including sums allocated in previous years, I am allocating a total of **\$8.3 billion over the next three years** to enable **Transformation and Growth**.

### **Enabling Stronger Partnerships**

- B7. Let me begin with **the first thrust of our Transformation and Growth** effort, which is to enable stronger partnerships:
- a. With the world, to expand our economic space, and
  - b. Within Singapore, to build on our work through the FEC and ITMs.

### Partnerships with the World

- B8. As a small, open economy, we must continue to **strengthen partnerships with the world**.
- B9. We have an extensive network of economic linkages, including Free Trade Agreements, International Investment Agreements, and Avoidance of Double Taxation Agreements.
- a. For example, Minister Indranee signed our latest Avoidance of Double Taxation Agreement with Indonesia earlier this month.

- B10. Beyond economic connectivity, we are enhancing our digital connectivity to create new value.
- a. Singapore Customs is connecting our Networked Trade Platform with the customs portals of our trading partners.
  - b. Just last month, we concluded our first Digital Economy Agreement with Chile and New Zealand. It will foster interoperability, and address frontier issues like artificial intelligence governance, to enable more trade.
- B11. The digitalisation of finance will also open up new ways of doing business.
- a. Between 2015 and 2019, annual investments in FinTech (Financial Technology) have risen six-fold to over \$1 billion.
  - b. Players from different domains and around the region are coming together to bid for MAS's digital banking licences.

#### Partnerships within Singapore

- B12. To make the most of our global links, we must **strengthen partnerships within Singapore to bring good ideas to global markets.**
- B13. Under our Research, Innovation and Enterprise 2020 Plan, we are sustaining investment into promising ideas.
- a. These include artificial intelligence, industrial robotics, urban solutions and sustainability, and the biomedical sciences, among others.
- B14. Through partnerships among the Government, industry and the research community, we are turning these ideas into new businesses with global potential.
- a. For instance, Singapore was one of the first cities to allow autonomous vehicle, or AV, testing on public roads. Many AV players have set up here, testing their technologies with the National University of Singapore and Nanyang Technological University, seeking to win the global race.
  - b. In the biomedical industry, the number of startups has doubled from 2014. More than 300 biomedical startups are now bringing discoveries from bench to bedside, and looking to export them to the region.
  - c. In fact, our research institutes are part of the global fight against COVID-19, developing diagnostic kits already in use here and sent to China. This is one of the fruits of our long-term investments in research and innovation.

- B15. Within each industry, we need to **strengthen partnerships to deepen industry-wide capabilities**. Even as our enterprises compete to differentiate themselves, they must come together to solve common challenges.
- B16. Trade Associations and Chambers or TACs play an important role.
- a. For example, the Container Depot and Logistics Association (Singapore) is developing an electronic payment system that can help depot operators and transport companies save time and cost. Details are in the Annex. [See Annex B-4.]
- B17. To sustain the good progress, we will enhance our support for TACs to scale up and raise the capabilities of their industries.
- a. Enterprise Singapore will launch a pilot **Executive-in-Residence programme**, to fund more than 10 TACs covering all sectors of the economy, to hire experienced executives and provide expert advice to enterprises in their industries.
- B18. Likewise, Merchants' Associations play a critical role in upgrading heartland enterprises, such as what the Chong Pang City Merchant and Hawker's Association has done.
- a. This year, Enterprise Singapore will launch a new **Heartland Enterprise Upgrading Programme** to support Merchants' Associations to drive transformation of heartland enterprises. [See Annex B-1].

### Deepening Enterprise Capabilities

- B19. I have covered how we are deepening partnerships. **The second thrust of our Transformation and Growth** is to deepen capabilities, at every stage of an enterprise's growth. From starting up, to growing, to transforming further.
- a. Our enterprises must be the incubators of innovation, the crucibles for skills upgrading, and the creators of good jobs for our people.
- B20. Many of our enterprises are deepening their capabilities – by innovating, digitalising, and venturing overseas.
- a. These include smaller companies like Yong Leng Trading Company, a local provider of sealing solutions for industrial customers, and PDS International, a developer and distributor of personal protective equipment. By adopting digital platforms, they have accessed new markets, raised revenues, and reduced costs.
- b. Larger local companies are also transforming. Goldbell Group, an industrial vehicle leasing company, launched an in-house accelerator, while Moveon, an optics manufacturer, partnered our research institutes to develop enhanced production

technologies for micro-optical systems. More details are in the Annex. [See Annex B-4.]

- B21. We will enhance our support to enterprises, at each stage of their growth, to deepen their capabilities in an enterprise-centric way.

### Starting Up

- B22. Let me begin with startups. Our startup ecosystem is vibrant.
- a. There are about 3,800 technology startups in Singapore, and about 150 venture capital funds investing in startups here and in the region.
  - b. Our startup ecosystem is ranked in the top 15 globally in the Global Startup Ecosystem report<sup>5</sup>.
- B23. Startup SG helps startups get their ideas off the ground.
- a. It provides holistic support, including co-investments, mentorship, and physical space.
  - b. Through co-investment schemes like Startup SG Equity, we have catalysed over \$560 million in private sector funding over the last four years.
- B24. This year, we will improve support for deep-tech startups.
- a. Deep-tech startups are those in emerging technology areas such as pharmbio and medtech, advanced manufacturing, and agri-food tech. They have high potential to be competitive and stimulate innovation in their sectors.
  - b. But these startups need larger investments, longer gestation periods, and face higher risks. Investors are hence less prepared to invest in deep-tech startups.
  - c. **To catalyse investment into deep-tech startups, I will set aside an additional \$300 million under the Startup SG Equity.** We expect this to draw in more than \$800 million of private funding over the next 10 years. This will give deep-tech startups better access to capital, expertise and industry networks. [See Annex B-1.]

### Growing

- B25. Beyond startups, many enterprises, both new and established, are seeking to grow. We have been supporting them, through schemes such as:
- a. The SMEs Go Digital programme; and

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<sup>5</sup> Source: "Global Startup Ecosystem Report 2019", Startup Genome.

- b. The Market Readiness Assistance grant.
- B26. This year, we will enhance support for these enterprises through an **Enterprise Grow Package**. This Package aims to help enterprises identify business needs, adopt pre-approved digital technologies, and take the first steps to enter new markets.
- a. First, we will **launch the GoBusiness platform**, a single touchpoint for enterprises to transact with Government digitally.
  - b. Second, we will drive greater adoption of digital technology. We will **expand the SMEs Go Digital programme**. Across all 23 ITM sectors, we will have Industry Digital Plans or equivalents, and enable enterprises to access pre-approved digital solutions.
  - c. Third, to help more enterprises enter new markets, we will **enhance the Market Readiness Assistance grant** by expanding the funding support and coverage, to include, for example, FTA consultancy. [See Annex B-1].

### Transforming Further

- B27. We must continue to support the growth of our enterprises, and as they mature, drive deeper transformation.
- a. Today, through the Enterprise Development Grant, or EDG, Enterprise Singapore provides integrated support for enterprises to innovate and internationalise.
  - b. For enterprises to transform, they need to strengthen their leadership and management capabilities.
- B28. This year, we will introduce an **Enterprise Transform Package**, with a focus on leadership.
- a. Enterprise Singapore will launch the **Enterprise Leadership for Transformation Programme**, to support business leaders of promising small and medium enterprises in achieving the next bound of growth.
    - i. Over the next three years, we aim to support business leaders of 900 enterprises in business transformation, with training and mentorship.
    - ii. We will work with Institutes of Higher Learning or IHLs, banks, and industry experts, and facilitate collaboration.
  - b. In tandem, we will continue to broaden transformation through the EDG, by **expanding its reach**. In FY2020, we expect to support about 3,000 projects through the EDG, an increase of more than 10% from the number today.

## Developing Our People

- B29. The **third thrust of our Transformation and Growth effort is to develop our people**, so as to enable our people to access good jobs, earn good wages, and stay employable.
- B30. Economic growth is a means to a better life for our people. We must nurture every Singaporean to their fullest potential.
- B31. The Government's promise to Singaporeans is this: regardless of your starting point, as long as you are willing to learn, we will support you to learn throughout life – in pre-employment, in your working years, and as we pursue lifelong learning and employability.
- B32. We will bring in different partners, including IHLs, enterprises, and the labour movement, to help you do so.

### Pre-Employment Training – Tertiary Education

- B33. Let me begin with the role of our IHLs.
- B34. Our IHLs provide a strong foundation in learning, and have partnerships with industry. IHLs and the industry have distinct roles, and by aligning these to keep learning relevant, students can secure good jobs.
  - a. Employment rates are high, and starting salaries have increased.
  - b. We develop Singaporean talent in partnership with enterprises under the Singapore-Industry Scholarship scheme. Many of them have graduated and are developing their careers with leading enterprises like ST Engineering and Micron.
- B35. Our local students are well-prepared to thrive in other countries and cultures, including in Asia.
  - a. About half of all local IHL students today gain experience abroad, through programmes such as internships, exchanges, and service learning or study trips.
- B36. In my pre-Budget dialogue with youth leaders, I was struck by their understanding of the importance of learning new skills and exploring new opportunities. They look forward to overseas exposure and postings in the region.
- B37. To support our local students to acquire cross-cultural skills and understand our region better, we will set ourselves a **“70-70” target** – 70% of local IHL graduates to have an overseas experience, and 70% of this group to have exposure to ASEAN, China, or India:

- a. To achieve this target, we will introduce a new **Asia-Ready Exposure Programme** to support local youths' visits to cities in ASEAN, China, or India. We will also enhance support for internships under the **Global Ready Talent Programme**.

#### Working Years – SkillsFuture

- B38. Beyond pre-employment education, we must also support our people who are already at work.
- a. With shorter technology cycles and more intense global competition, skills acquired when we are young need to be constantly refreshed.
  - b. Career transitions will be more common, even the norm.
- B39. Our SkillsFuture movement seeks to enable our people to learn, develop new skills, and stay employable.
- a. Five years after the launch of SkillsFuture, we have made good progress.
    - i. The training participation rate has risen, from 35% in 2015, to 49% in 2019.
    - ii. As of end 2019, the SkillsFuture Credit has helped more than half a million Singaporeans pick up new skills and develop new interests.
    - iii. This includes Mr Koh Wui-Tek, a FinTech executive who applied his learning in project management to serving his clients, as well as Madam Juriah Jahaya, a certified trainer who deepened her people development skills.
  - b. Singaporeans are also upskilling and accessing good jobs in growth sectors, with the support of employers.
    - i. Younger Singaporeans are undergoing on-the-job training while getting a qualification.
    - ii. Singaporeans who have been working for some time have adapted and grown their skills.
    - iii. One good example is Ms Nur Hidayah Binte Abu Bakar, whom I met at WSG last year. After leaving the electronics industry, Ms Hidayah joined AETOS Holdings as an Auxiliary Police Officer. She went through the tough training as part of the Professional Conversion Programme. Today, she not only earns more, and has a clearer career pathway, but she is also helping to keep Singapore safe. [See Annex B-4.]
- B40. I am very encouraged by the efforts made by Singaporeans to acquire new skills, in the midst of the major structural changes in the global economy. To further support

them in this journey, the Government will invest in the **Next Bound of SkillsFuture**. There will be three elements in this:

- a. First, enabling the individual;
- b. Second, enhancing the role of our enterprises; and
- c. Third, a special focus on mid-career workers.

B41. First, to support Singaporeans to continue learning, I will provide a **one-off SkillsFuture Credit top-up of \$500** for every Singaporean aged 25 years and above<sup>6</sup>.

- a. The top-up will be available for use from 1st October 2020.
- b. Unlike the earlier \$500 credit which had no expiry date, this top-up will expire in about five years, by end-2025. This is to encourage Singaporeans to take action early to learn new skills, and to make the best use of this period of economic slowdown. [See Annex B-2.]

B42. Second, we want to enhance the role of enterprises in developing their staff.

- a. Enterprises know best the skills needed for their business to transform, and can play a key role in helping their workers learn and apply new skills. By investing in their staff, they build a stronger workforce, which can in turn help enterprises succeed. So, we must strive to achieve this virtuous cycle.
- b. A good example is Containers Printers, a local food packaging company. It has adopted digital technology and trained its workers to take on higher value-added roles like real-time monitoring of production.
- c. In our unique tripartite model, the labour movement plays a crucial role. We cannot keep jobs, enterprises, or even industries that are no longer viable. Instead, we refresh, retrain, and rejuvenate for the long term.
  - i. For example, the United Workers of Electronics and Electrical Industries, and Thales, a French technology leader, have set up a Company Training Committee. Management staff and union members are working together to develop training plans and deepen skills, so that workers can take on better jobs. On my visit to Thales, I was very heartened to hear how its employees are upskilling and contributing to Thales' transformation. This is a good example of how unions and enterprises can work together to keep workers up to date as enterprises transform. [See Annex B-4.]

B43. Let me outline five measures to enhance the role of our enterprises in the Next Bound of SkillsFuture.

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<sup>6</sup> As at 31 December 2020.

- a. First, I will introduce a **new SkillsFuture Enterprise Credit** to encourage employers to embark on the transformation of their workforce and enterprise in tandem. Employers can use this enterprise credit to defray 90% of out-of-pocket costs of business transformation, job redesign, and skills training. The SkillsFuture Enterprise Credit, at \$10,000 per enterprise, will benefit over 35,000 enterprises, most of which will be SMEs.
  - b. Second, we will also provide more support for job redesign. The Productivity Solutions Grant supports enterprises to adopt pre-approved digital solutions and equipment. We will **expand the Productivity Solutions Grant to include job redesign consultancy services**.
  - c. Third, we will **work with large anchor enterprises to support training for their sectors and value chain partners**. Anchor enterprises are supported by many SMEs. By helping to raise the skills of workers in these SMEs, the entire supply chain benefits. We aim to partner up to 40 of such anchor enterprises to benefit 4,000 SMEs over the next five years.
  - d. Fourth, our IHLs will work with more enterprises to enable local students to learn in a real work setting, through SkillsFuture Work-Study Programmes. We will now **more than double the capacity of these programmes by 2025**. Our aim is to make this a mainstream pathway, with 12% of each cohort going through these pathways, up from 3.5% today.
  - e. Fifth, as more enterprises train their workers, we will **deepen workplace learning capabilities**. MOE launched the National Centre of Excellence for Workplace Learning, or NACE, at Nanyang Polytechnic in July 2018. MOE will expand NACE to two more IHLs over the next few years, and aim to benefit over 1,200 enterprises, especially our SMEs.
- B44. In line with our focus on the role of industry in SkillsFuture, we will also **recalibrate Government funding towards training providers and courses with a stronger link to job and wage outcomes**.

#### Working Years – SkillsFuture Mid-Career Support Package

- B45. The third element in the Next Bound of SkillsFuture is a special focus on mid-career workers currently in their 40s and 50s.
- a. Born in the 1960s and 70s, they grew up in a time when our economy was just starting to take off.
  - b. When they started work, it was normal, even celebrated, to stay with one job, in one company, for life.

- c. As enterprises restructure, the nature of jobs has changed. Many have adapted to these changes, picked up new skills, and even switched careers.
  - d. Ms Ng Lee Chun, 50, is one of them. After leaving her previous job, WSG helped her to secure a logistics role with ST Logistics. Through the Professional Conversion Programme for Supply Chain Professionals, ST Logistics sent her for training for this role.
  - e. Some workers in their 40s and 50s have not seen any job or career changes since leaving school, or had the chance to upskill earlier. But they are now facing greater competition, from younger workers and workers overseas. I understand their anxiety.
  - f. At the same time, with broader global shifts, exciting jobs will emerge. Our mid-career workers can seize these opportunities and do better for themselves and their families. The Government will do more to support them.
- B46. We will introduce a new **SkillsFuture Mid-Career Support Package** for locals in their 40s and 50s, to help them stay employable and move on to new jobs or new roles. We aim to double the annual job placement of locals in their 40s and 50s, to around 5,500, by the year 2025. To reach this goal:
- a. We will **increase the capacity of reskilling programmes**. These will include the Professional Conversion Programme under the Adapt and Grow initiative, career transition programmes delivered by Continuing Education and Training Centres, or CET Centres, like IHLs, and sector-specific programmes like the TechSkills Accelerator Company-Led Training for ICT jobs.
  - b. In tandem, our employers must step up to recruit, retain and retrain our local mid-career workers. We will support them to do so.
    - i. I will **provide a hiring incentive to employers who hire local jobseekers aged 40 and above through a reskilling programme**. For each eligible worker, the Government will provide 20% salary support to the employer for six months, capped at \$6,000 in total.
    - ii. In parallel, we will streamline our manpower schemes, including support for hiring and retention, to maximise their impact.
  - c. To improve access to reskilling programmes, I will also provide a **special SkillsFuture Credit top-up of \$500 to every Singaporean aged 40 to 60 in 2020**. This will be over and above the top-up that I announced earlier.
    - i. This additional credit can be used for selected reskilling programmes at CET Centres.

- ii. Like the broad-based top-up, this additional credit will expire in about five years, to encourage early action.
- d. Apart from Government support, **we will assemble a group of volunteer Career Advisors** from professional communities. These advisors will provide peer-level support and career guidance to local workers in navigating professional pathways.
- e. We hope that all these initiatives will provide meaningful support to those in their 40s and 50s, to further their careers with confidence.

#### Supporting Lifelong Learning and Employability

- B47. Lifelong learning and contribution does not stop at the 40s and 50s.
- a. As the Chinese say, “活到老，学到老”. You are never too old to learn.
- B48. As our people live longer, we will provide more support to help them remain active, and contribute to our society and economy.
- a. Many seniors have told us that they want to continue working, and learning. Besides saving more for retirement, it is about a sense of agency and purpose, and staying active and connected.
  - b. The Government has strongly supported enterprises that employ our seniors,
    - i. Through the Special Employment Credit or SEC, and the Additional SEC or ASEC, and WorkPro.
  - c. For our seniors who wish to work longer, earn more, and save more, PM had announced at last year’s National Day Rally that we are raising the Retirement and Re-employment Ages. We are also increasing CPF contribution rates for workers aged 55 to 70.
- B49. To ease in these changes for employers and workers, I will introduce a **Senior Worker Support Package** comprising four measures.
- a. First, I will refashion SEC and ASEC into a **Senior Employment Credit**, which will take effect from 2021. Like SEC and ASEC, this Senior Employment Credit will provide employers with wage offsets when they hire Singaporean workers aged 55 and above, with the support levels tapering down over time as the Retirement and Re-employment Ages are gradually raised.
  - b. Second, when employer CPF contribution rates go up in 2021, we will provide employers with a **CPF Transition Offset for the year**, to offset half of the increase in employer contributions.

- c. Third, we will introduce the **Senior Worker Early Adopter Grant** to support enterprises that raise their own Retirement and Re-employment ages ahead of the legislated changes.
  - d. Fourth, we will introduce the **Part-Time Re-employment Grant** to support and encourage enterprises to formalise part-time re-employment provisions. [See Annex B-3.]
  - e. In short, even as we support workers' aspirations to work longer, we hear employers' concerns. As part of our unique tripartite system, the Government has stepped up to support both our workers and our enterprises.
- B50. Even for seniors who choose to retire, but wish to continue to learn and stay active, the \$500 SkillsFuture Credit top-up that I just announced will support this. Retirees can use this to deepen their interests, or even explore a whole new area – be it cooking or coding.

#### Foreign Worker Policy

- B51. For many years now, foreign workers have been part of our workforce. With our declining local labour force growth, foreign workers are a necessary complement. But we must regulate the inflow carefully, in a way that creates opportunities for our locals.
- B52. One area of particular concern is S Passes. These are skilled jobs, many of which can be done by locals, such as polytechnic diploma holders. We created the S Pass category because despite our best efforts, we are not producing enough of such skilled locals. S Passes enable enterprises to top up their workforce with more skilled workers, and to recruit workers with particular skills that locals may lack. But S Passes should not be a means by which enterprises hire low-cost foreign workers, when qualified locals are available.
- B53. Last year, we announced cuts for the Dependency Ratio Ceiling, or DRC, and S Pass sub-DRC thresholds for the Services sector. This was to manage manpower growth, and encourage our enterprises to restructure and reskill our local workers.
- B54. We have been monitoring the manpower growth closely.
- a. The number of S Pass holders in the Construction, Manufacturing, Marine Shipyard, and Process sectors is growing, by 3.8% per year over the last two years. The number could increase significantly over the next few years, as the Construction and Marine Shipyard sectors recover, and the Process sector begins work on projects in the pipeline.
- B55. However, the growth in S Pass holders must be sustainable. The Government has been working closely with industry and educational institutions to build up a pipeline of

local manpower, including mid-career workers. We want them to have fair opportunities to grow, while supporting the manpower needs of enterprises.

- B56. Therefore, this year, we will take further steps. We will **reduce the S Pass sub-DRCs of the Construction, Marine Shipyard, and Process sectors from 20% to 15%**.
- a. We will phase in the cuts in two steps. The first step from 20% to 18% on 1st January 2021, and subsequently to 15% on 1st January 2023.
  - b. We are announcing the changes about a year ahead, to give time for enterprises to adapt.
- B57. Given the economic uncertainties, we will not reduce the S-Pass sub-DRC for the Manufacturing sector at this point. But we do want manufacturing companies to make the effort to recruit local skilled workers and technicians too. Therefore, when conditions allow, we intend to tighten the S Pass sub-DRC for Manufacturing too.
- B58. At the same time, we recognise potential concerns of enterprises about the availability of skilled manpower in these sectors.
- a. To help you find skilled local graduates looking to embark on their careers, and older local professionals looking for new careers, SSG and WSG will work with you to improve matching.
  - b. Enterprises that have specific needs can continue to apply for additional manpower flexibilities in exceptional cases, through schemes such as the Lean Enterprise Development Scheme.
- B59. In view of the economic conditions, I will **maintain the foreign worker levy rates for all sectors for 2020**. [See Annex B-2.]

## Summary

- B60. Mr Speaker Sir, the Government appreciates the concerns of our workers and enterprises. In the immediate term, we are facing headwinds with the shocks and uncertainties. But in the medium term, we are facing deep structural shifts in the global economy. We have to tackle both challenges head-on.
- B61. The Government will support our enterprises and workers with the near-term challenges, through the Stabilisation and Support Package for workers and enterprises.
- B62. To tackle medium-term challenges, our Transformation and Growth strategy will support efforts to deepen enterprise capabilities, develop our people, and forge stronger partnerships, through our tripartite structure.

- B63. By positioning Singapore as a Global-Asia node of technology, innovation, and enterprise, we can ride on the next wave of structural changes resolutely.
- B64. The respective Ministers will provide more details of the schemes I have mentioned in this section later.

## C. CARING FOR SINGAPOREANS, BUILDING AN INCLUSIVE HOME

- C1. Mr Speaker, Sir, a vibrant economy provides good jobs and opportunities for Singaporeans, and allows families to do well.
- C2. It also gives us the resources to support our people with their needs, to build a caring and inclusive home.
- C3. Our tax and spending policies reflect our values.
  - a. Over the past decade, we have significantly increased our social spending.
  - b. Between 2010 and 2019:
    - i. We tripled our healthcare expenditure from \$4 billion to about **\$12 billion** a year, to meet the growing needs of our seniors and to ensure that every Singaporean has access to affordable and quality healthcare.
    - ii. We increased our investments in education, from \$10 billion to about **\$13 billion**, so that all Singaporeans will have the best chance to fulfil their fullest potential.
    - iii. We increased the expenditure on national development from \$2.4 billion to **\$3.6 billion**, with the bulk of this going into subsidies on public housing, so that every Singaporean household can have a home to call their own.
  - c. Last year, we gave out about **\$1.1 billion** in cash to Singaporeans who need more help. The payouts were provided through structural schemes such as ComCare for the vulnerable, Workfare Income Supplement for lower-wage workers, GST Voucher – Cash for lower-income Singaporeans, and Silver Support for the vulnerable elderly.
- C4. This social spending reflects our commitment to invest in our people, to give every citizen a stake in our society, to care for our seniors, and to provide more help to those with less.
- C5. This Budget, we will continue to care for Singaporeans in the following ways:
  - a. **First, we will build on our efforts to support our families.**
  - b. **Second, we will support and enable our seniors in their retirement years.**
  - c. **Third, we will promote a stronger giving culture.**

### Supporting Families

- C6. I will first touch on how we will **further support our families.**

### Pre-school Years

- C7. Good education provides a strong foundation for children to grow, realise their aspirations, and continue a journey of lifelong learning. We have committed to decisive shifts in the Government's support for early childhood development. We are determined to give every child, regardless of circumstances, a good start in life.
- a. As PM announced at the National Day Rally last year, we will step up efforts to improve the affordability, accessibility, and quality of pre-school services.
  - b. We have significantly enhanced pre-school subsidies and made them available to more families from this year.
  - c. We will also increase the share of government-supported pre-school places from just over 50% today, to **80%** by around 2025.
  - d. Overall, we are doubling our support for our young in their pre-school years.
    - i. In 2018, the Government spent about \$1 billion on the early childhood sector.
    - ii. Within the next few years, this will double to **over \$2 billion per year**.

### Primary to Pre-University School Years

- C8. In the primary to pre-university school years, education is already heavily subsidised for Singaporeans. Primary school is free for all Singaporeans, while the secondary school fee is \$5 a month. Students pay only a few dollars of miscellaneous fees.
- C9. For students from lower-income families, we will provide further help.
- a. We will **enhance the MOE Financial Assistance Scheme** by raising the annual bursary quantum for pre-university students, from \$900 to **\$1,000**.
    - i. We will also increase transport subsidies for all students, and school meals subsidies for secondary school students.
- C10. The enhanced Financial Assistance Scheme will cost an **additional \$9 million per year**, or a total of **\$52 million per year**.

### Higher Education Years

- C11. We announced that we would enhance bursaries for diploma and degree holders last year. These bursaries are on top of subsidies that are provided to all Singaporeans.

- a. Starting from Academic Year 2020, students from lower- and middle-income families in the polytechnics and autonomous universities can benefit from higher bursaries.
  - b. We will **also enhance bursaries for full-time ITE students from Academic Year 2020**. Students from households who qualify under the lowest income tier for the bursaries will now receive 100% fee subsidy on top of the cash bursary. Students from low- and middle-income households will also benefit from an increase in the cash bursary quantum by up to **\$200 a year**.
- C12. The cost of bursaries for higher education will rise from \$148 million per year to **\$198 million** per year.

### Overall Education Benefits

- C13. A good education lays a strong foundation for a better future. This is why this Government has been providing significant education subsidies for each child.
- C14. A Singaporean child will receive over **\$180,000** of education subsidies in total by the time he turns 16. This includes about \$50,000 in Government subsidies over five years when they enrol in a full-day childcare programme with one of the Anchor Operators.
- C15. For those who come from less-privileged backgrounds, there are additional subsidies for pre-school, bursaries, and other financial assistance schemes.
- C16. This substantial investment is how we maximise every child's potential, regardless of family circumstances.
- a. This is a promise that I, as a former Education Minister and now Finance Minister, am committed to keep.

### Housing Affordability

- C17. When Singaporeans are ready to start a family and own a home, we make sure that there is good access to quality and affordable housing.
- a. Last year, MND consolidated existing housing grants into the Enhanced CPF Housing Grant.
    - i. With the Enhanced Housing Grant, first-time flat buyers can now enjoy up to **\$160,000** in housing grants.
    - ii. The monthly household income ceilings for subsidised flats and executive condominiums were raised to **\$14,000** and **\$16,000** respectively. We expect around **16,000 HDB households** to benefit from these enhancements each year.

## Care and Support Package for Households

- C18. The Government has made significant moves to help Singaporeans manage major expenditures in life, through structural subsidies in education, housing, and healthcare.
- C19. This year, with the economic slowdown and the uncertainties of the COVID-19 outbreak, we are mindful that many families are facing greater pressures. During my fellow MPs' and my own walkabouts, people often tell us that they are worried about job security and rising expenditures.
- C20. To help all Singaporeans with their household expenses during this period of uncertainty, I will provide a comprehensive **Care and Support Package** for households, amounting to about **\$1.6 billion**.
- a. All Singaporeans aged 21 and above in 2020 will receive a one-off cash payout of \$300, \$200 or \$100, depending on their income.
  - b. The annual GST Voucher – U-Save provides rebates to help HDB households with their utilities expenses. This year, I will double the amount of U-Save rebates through a one-off GST Voucher – U-Save Special Payment to all eligible HDB households. This will help to free up cash for other household expenses.
  - c. In addition, I will extend the Service and Conservancy Charges Rebate by another year. Eligible HDB households will receive rebates of between one and a half, and three and a half months.
  - d. Lower-income Singaporeans will get additional help with their daily living expenses.
    - i. In October 2019, we announced the **Workfare Transport Concession Scheme** and the **Public Transport Voucher** to help cushion the transport fare increase for lower-income households.
    - ii. To further offset daily living expenses for lower-income workers, I will provide a **Workfare Special Payment**. Singaporeans on Workfare will receive 20% more for work done in 2019, with a minimum payment of \$100. This will be given in cash.
    - iii. I will also help needy Singaporeans more directly. They will receive **Grocery Vouchers** worth \$100 each year in 2020 and 2021, for use at major supermarkets. This directly helps needy households with one of their major cost of living items – food.
  - e. There will be additional help for families taking care of children and elderly parents.

- i. I will provide a further **\$100 cash payout** for every adult Singaporean with at least one Singaporean child aged 20 years and below this year.
  - ii. I will provide an additional **GST Voucher – U-Save** rebate for larger households with five or more members, to help them with their utilities bills. Together with the U-Save Special Payment I mentioned earlier, larger households can receive a total of 2.5 times their regular U-Save rebates this year. These households can receive up to \$1,000 in U-Save rebates, depending on their flat type.
  - iii. I will also provide a **\$100 top-up to the PAssion Card** to all Singaporeans aged 50 years and above this year, including the Pioneer Generation and Merdeka Generation seniors. This can be used to pay for groceries, activities and facilities at Community Clubs, and more. Those who do not currently have a PAssion Card can get one for free to receive the top-up.
- f. Our Self-Help Groups have also been working closely with the community to help needy families and children. To enable them to do more, I will provide a **\$10 million grant** to them over two years so that they can help more families.
  - g. The Community Development Councils or CDCs have also played an important role in partnering the community to strengthen bonds and help vulnerable groups.
    - i. Each CDC has its set of local assistance schemes to meet local needs, and programmes that allow community members to help those with extra needs.
    - ii. I will provide **\$20 million** for the CDCs to do more, and better meet the needs of their residents through local initiatives.
- C21. Together, the Care and Support Package will provide a young family with **about \$1,300**. A 3-Generation family can receive more – **about \$1,800**. More details are provided on the slide and in the Annex. [See Annex C-1.]

### Enabling Seniors

- C22. Let me now move on to the second area, which is to support and enable our seniors.
- C23. Singaporeans are living longer. Our life expectancy at birth is close to 85 years, the longest in the world. This is a good thing!
- C24. Singapore will not just be a great place to raise a family, but a great place for seniors to live a life of purpose, dignity, and contribution.
  - a. The Community Networks for Seniors is now a national programme, with 650 active ageing nodes to engage our seniors.

- C25. We must see ageing as a positive force, and turn this phase of life into a time of opportunity.
- C26. Ageing with confidence includes having financial assurance in retirement.
- a. This can be achieved through a combination of individual effort, family, community, and Government support.
  - b. Over the years, we have strengthened the four pillars of our social security system – home ownership, CPF, healthcare assurance, and income from Workfare and Silver Support. We have also been enhancing the ComCare schemes, which support Singaporeans who are unable to work and have little or no family support.
- C27. The CPF is a major scheme to enable Singaporeans to save enough for their retirement years. We need to keep on updating and improving our CPF policies over time, so that they remain appropriate for each cohort.
- a. We have been adjusting the Basic Retirement Sum, or BRS, regularly, in line with rising income levels. Since 2017, household incomes per capita have risen by an average of 4.1% per year (in nominal terms), while the BRS has increased by 3% per year. The BRS is currently \$90,500 for the cohort turning 55 this year.
  - b. We will continue to adjust the BRS by the same 3% per year for the next two cohorts. The BRS will be \$93,000 for cohorts turning 55 in 2021, and \$96,000 for those turning 55 in 2022. These modest continuing adjustments are necessary for the payouts to keep up with basic retirement expenses.
  - c. With continuing wage growth, each successive cohort has been able to save more. We expect 7 in 10 actively employed persons from these two cohorts to be able to set aside their BRS, significantly more than the 4 in 10 about a decade ago.
  - d. More details are in the Annex. [See Annex C-2.]
- C28. Even as more seniors are prepared for retirement, one group of current seniors may not be able to meet their retirement needs.
- a. When they were younger, they earned less than working Singaporeans do today, even after adjusting for inflation.
  - b. Some may have earned lower wages for most of their working lives.
  - c. Others may have stopped working early to take care of family members.
  - d. We are in a fortunate position that most of our seniors have housing assets that they can use to support their retirement, if they wish.

- C29. We will do more to help Singaporeans **tap their housing assets** for retirement by enhancing the Silver Housing Bonus and the Lease Buyback Scheme.
- a. The Minister for National Development will provide more details.
- C30. The CPF is a good retirement scheme, based on personal savings. It provides Singaporeans with very favourable, risk-free interest rates on their savings. Many Singaporeans want to top up their own, their spouse's, or parents' CPF accounts. In 2019, such voluntary cash top-ups added up to about \$1 billion. We would like to encourage more to do so, particularly those whose CPF balances are on the low side.
- C31. To help those with less CPF savings to save more, I will introduce a **Matched Retirement Savings Scheme** from 2021 to 2025.
- a. Lower- to middle-income Singaporeans **aged 55 to 70** who have not been able to set aside the prevailing **BRS** will be eligible.
  - b. Under this scheme, the Government will **match every dollar of cash top-up** made to their CPF Retirement Account, up to an **annual cap of \$600**. This is a way of encouraging and augmenting family support for our seniors with fewer means in retirement. About **435,000 Singaporeans** will be eligible.
- C32. While the CPF is a good scheme, for a small segment of the elderly population, it will not be enough. Some had low incomes during their working years, and currently have little or no family support. We created the **Silver Support Scheme** to complement the CPF for this group, and give them more financial security in retirement. The scheme is now almost five years old and a review is timely.
- C33. Silver Support currently provides cash payouts to the bottom 20% of Singaporeans aged 65 and above, with some support for those slightly above the bottom 20%.
- a. I will **raise the quarterly cash payouts** by 20%. For individuals living in smaller flats, this means that the cash payouts will increase from \$750 to **\$900** per quarter.
  - b. I will also broaden the eligibility criteria of Silver Support. I will expand the threshold for lifetime wages and per capita household income to cover more seniors. There will also be a **new payout tier** to provide a smaller payout to seniors whose monthly household incomes per person are above \$1,300 but not exceeding \$1,800 – these seniors do not receive Silver Support today.
  - c. There is no need to apply – eligible seniors will be notified by CPF Board and start receiving payouts under the enhanced scheme from December 2020.
- C34. Overall, we expect about **100,000** more seniors to benefit from the enhanced Silver Support in 2021. The cost of Silver Support will nearly double, from today's \$330 million, to around **\$620 million** in 2021.

- a. More details are provided in the Annex. [See Annex C-3.]
- C35. Here is an illustration of how the matched savings, right-sizing, and enhanced Silver Support can add up to help a retired 65-year old couple to more than double their retirement income.
  - a. I will pause here for members to take a look at the example. More details are provided in the Annex. [See Annex C-4.]
- C36. These enhancements underscore the Government's commitment to provide seniors with greater assurance in retirement, and reflect the values we hold dear, such as taking care of our parents and seniors. They will also complement the other schemes for our seniors, such as the Pioneer Generation Package and Merdeka Generation Package.
- C37. We will also help seniors stay active and contribute to the community.
- C38. Many senior volunteers find that volunteering gives them purpose, keeps them socially connected, and promotes active ageing. The community also benefits from their wealth of experience and skills.
  - a. There is Mr Victor Lim, a 70-year-old retiree, who spent 40 years in the Medical Imaging and IT industry, and now volunteers at IMDA's Digital Readiness programmes. There is also Mdm Leong Su Yin, one of the oldest members of RSVP, who has been volunteering for over 20 years.

### Strengthening the Giving Culture

- C39. Our success in taking care of every Singaporean, from pre-school to retirement, is only possible with the support of our community partners.
- C40. This brings me to the third strategy, **Strengthening the Giving Culture**.
  - a. When we harness and rally greater participation and resources from the community, we can better support those in need.
- C41. The Government will continue to support the community in building a stronger giving culture.
  - a. Last year, I announced the **Bicentennial Community Fund**, which provides dollar-for-dollar matching for donations made to Institutions of a Public Character. This is on top of the 250% tax deduction provided for donations made to IPCs.
  - b. One of the potential beneficiaries is the Daughters Of Tomorrow Limited, which helps disadvantaged women gain new skills and find employment. The organisation plans to use the Bicentennial Community Fund to develop staff and volunteers, and build their in-house fundraising capabilities.

- a. This year, the Ministry of Social and Family Development and National Council of Social Service will set up the **Community Capability Trust** to fundraise and support our social service sector partners in enhancing their capabilities and capacities to serve the community.
    - i. For a start, together with Tote Board, we will provide \$200 million to the trust in FY2020, and match up to \$150 million in funds raised over the next 10 years. In total, we will commit up to **\$350 million** for the Community Capability Trust.
    - ii. This will provide a pool of funds that our Social Service Agencies can tap on to transform themselves for the future. I hope they will make good use of this to strengthen their organisational capabilities, become more productive, and enhance their service infrastructure, in partnership with MSF and NCSS.
    - iii. Just like how our efforts in the Industry Transformation Maps have positioned our enterprises and economy for the future, the Community Capability Trust will equip Social Service Agencies to bring the social sector forward.
    - iv. More details are provided in the Annex. [See Annex C-5].
- C42. There is much value to be gained when a community comes together in support of a cause.
- a. I am happy to see the success of the movements like **The Purple Parade, The Purple Symphony, and Runninghour**. These are ground-up initiatives that support inclusion and celebrate the abilities of persons with special needs, through activities like music and sport.
- C43. Everyone can play a part to build an inclusive society from their hearts, in ways big and small.
- C44. Many enterprises have also built inclusive workspaces for persons with disabilities, or PwDs.
- C45. To support the employment of PwDs, the SEC and the ASEC schemes provide wage offsets for employers hiring Singaporean PwDs earning below \$4,000 per month. At the last Budget, we extended the SEC and ASEC until end of 2020.
- a. We have received good feedback on the schemes in supporting PwD employment.
  - b. In 2018, more than 5,700 employers hiring over 8,600 Singaporean PwDs benefited from SEC.
- C46. This Budget, we will introduce the new **Enabling Employment Credit, or EEC**, to provide stronger support for employers of PwDs.

- a. The new EEC will replace the current SEC and ASEC schemes for PwD employment.
  - b. It will be available for five years, from 2021 to 2025, at a cost of about **\$31 million per year**. To ensure that the EEC remains helpful for PwDs to find employment and remain in the workforce, the Government will review the EEC after two years and make adjustments if necessary.
- C47. This Budget, I will also top up three funds that provide targeted help for the elderly and the lower-income.
- a. I will provide top-ups of **\$750 million to the ElderCare Fund, \$500 million to the ComCare Fund, and \$200 million to the MediFund**.
  - b. These funds provide a safety net for the low-income, by helping them to meet their daily expenses and healthcare fees.

### Summary

- C48. The respective Ministers will provide more details of the schemes I have mentioned in this section later.
- C49. Mr Speaker Sir, Budget 2020 supports the Government's long-term strategy of building a caring and inclusive society.
- a. We will continue to support our families, through the enhancements to our education and housing schemes, and the Care and Support Package for households.
  - b. We will enable our seniors by promoting active ageing and providing financial assurance in their retirement years.
  - c. We will also partner the community to build a stronger giving culture, so we can better support those in need.
  - d. This is our continued effort to improve the lives of our people and our future generations. We must continue to work together to build a society where opportunities are available to every Singaporean, at every stage of life.

## **D. SUSTAINING SINGAPORE'S SUCCESS FOR OUR FUTURE GENERATIONS**

- D1. Let me move on to how we can sustain Singapore's success for generations to come.
- D2. Our pioneers set out to build a high quality living environment, even when they had to attend to pressing economic and security challenges. They left us a legacy of a clean, green, and liveable environment.
- D3. As the Chinese saying goes, “前人种树, 后人乘凉”. The generation that planted the seeds does not fully benefit from their toil, but they care to do this, for future generations to reap the fruits.
  - a. In the same spirit, we must plant the seeds to secure a better future for generations to come.
- D4. By thinking long-term, by confronting major challenges, and by investing for our future, we have beaten the odds. Three major challenges we must continue to confront are: climate change, security, and fiscal sustainability.

### **Addressing Climate Change**

- D5. To build a liveable and sustainable home, we must address climate change. As a low-lying island nation, rising sea levels threatens our very existence.
- D6. So what can we do as a small island nation?

### **Supporting International Effort to Fight Climate Change**

- D7. First, we must continue to support global efforts to combat global problems. Singapore must continue to do our part as a responsible member of the international community. Singapore plays an active role at the UN Framework Convention on Climate Change. Besides representing our interests, Team Singapore is regarded as an honest broker, helping to build bridges and consensus.
- D8. This year, we will update our commitment to the Paris Agreement and take a further step to chart our vision for a low-carbon, sustainable future Singapore.
  - a. The Minister in the Prime Minister's Office will elaborate on this later.

### **Managing our Carbon Constraints**

- D9. Second, we must manage our transition to a low-carbon, low-emissions economy.
  - a. We must turn our carbon constraints into a strength, just like how we have turned our water vulnerabilities into an area of strength, with radical innovations in

NEWater and desalination. Today, Singapore is a global hub of water research and innovation.

- D10. The circular economy – turning waste into a resource that can be reused in the production cycle – is one way we can reduce our carbon footprint, and open up new opportunities.
- a. NEA will soon begin a field trial to use NEWSand, made from incineration ash, in road construction along Tanah Merah Coast Road.
- D11. We will do more to develop new ideas and solutions. We are committing close to \$1 billion for research in Urban Solutions and Sustainability. The research will focus on renewable energy, cooling Singapore, and carbon capture, among others.
- a. As climate change is global, innovative solutions created here can be commercialised, turning our constraints into a strength.
- D12. More broadly, we have to manage our greenhouse gas emissions, by putting in place the right incentives, tax structures, and regulations.
- a. We introduced a carbon tax in 2019, and supported enterprises in improving energy efficiency.
  - b. We introduced and enhanced the Minimum Energy Performance Standards to raise the energy efficiency of energy-intensive household and industrial appliances.
- D13. The domestic transport sector contributes a significant amount of greenhouse gas emissions. Vehicles with internal combustion engines, or ICEs, also contribute to pollution, adversely affecting our health and quality of life.
- a. Many major cities have already set ambitious goals to phase out ICE vehicles and shift to cleaner technologies.
  - b. Car manufacturers are actively developing cleaner engine technologies such as hybrids and electric vehicles, or EVs, and are exploring new areas such as hydrogen fuel cells.
- D14. As a small city-state, we are able to, and have strong reason to stay abreast of these major technological changes.
- a. For both public health and climate change reasons, we should progressively phase out the use of ICE vehicles towards cleaner alternatives, such as hybrids and EVs. We will set a long-term strategic goal for Singapore to achieve this.
- D15. **Our vision is to phase out ICE vehicles and have all vehicles run on cleaner energy by 2040.** To promote this, we will have three measures in this Budget.

D16. First, **we will enhance incentives to encourage the adoption of cleaner and more environmentally friendly vehicles.**

- a. In 2018, we introduced the Vehicular Emissions Scheme for cars and taxis. Under the scheme, car buyers and taxi operators who choose cleaner car models can receive an upfront rebate of up to \$20,000 and \$30,000 respectively.
- b. We have seen promising results from the scheme. More car buyers and taxi operators are choosing environmentally friendly engines such as electric hybrids.
- c. Therefore, we will introduce a similar scheme called the **Commercial Vehicle Emissions Scheme** for light goods vehicles. The Minister for the Environment and Water Resources will announce the details at the COS.
- d. For cars and taxis, I will provide an **EV Early Adoption Incentive**.
  - i. Those who purchase fully electric cars and taxis will receive **a rebate of up to 45% on the Additional Registration Fee, capped at \$20,000.**
  - ii. This incentive will be implemented for three years, from January 2021.
- e. We will also **revise the road tax methodology for cars** to better reflect the current trends in vehicle efficiency from January 2021. This will lead to an across-the-board reduction in road tax for EVs and some hybrids. [See Annex D-1].

D17. Second, we will **expand the public charging infrastructure for EVs.**

- a. Today, there are about 1,600 charging points island-wide.
- b. We will work with the private sector to step up the deployment of chargers in public carparks. By 2030, we aim to deploy up to 28,000 chargers at our public carparks island-wide.

D18. Lastly, the Government will take the lead. **We will progressively procure and use cleaner vehicles to do our part for the environment.**

D19. Here we are placing a significant bet on EVs, and leaning policy in that direction because it is the most promising technology. It also requires a significant increase in demand to justify the infrastructure investment. This is a significant undertaking involving multiple agencies.

#### A Resilient Vehicular Tax Structure

D20. The transition towards EVs will have a major impact on tax revenues.

D21. Fuel excise duties today yield around \$1 billion per year, and are significant contributors to government revenues. They are also a form of mileage tax, which

discourages excessive driving, especially in private cars, and thus helps to reduce road congestion.

- D22. But EVs do not pay fuel excise duties. Therefore, we will need to update our vehicular tax structure to preserve these two considerations.
- a. Ideally, we would like to implement a usage-based tax on EVs as an alternative to fuel excise duties.
  - b. But the technology to do this properly on EVs is the Next Generation ERP System, and distance-based charging using ERP is still several years away.
  - c. In the interim, **we will impose a lump-sum tax that will be built into the road tax schedule for EVs to partly account for the loss in fuel excise duties.**
  - d. This lump-sum tax will be phased in over three years starting from January 2021, with the full quantum implemented by January 2023. [See Annex D-1].
  - e. Total road tax, after the revision in methodology and the new lump-sum tax, will be higher for some EV models.
- D23. However, EV buyers can expect to enjoy substantial cost savings because of the significant EV Early Adoption Incentive.

#### Building a Sustainable Singapore, Together

- D24. I spoke about policy measures that the Government will put in place to reduce emissions. But the Government alone cannot address the threat of climate change. Therefore, mobilising all of us in this effort is the third thrust of our climate change strategy.
- D25. Robert Swan, the first person to have walked to the North and South Poles, once said, "The greatest threat to our planet is the belief that someone else will save it."
- D26. To deal with climate change, we have to foster a climate of change in our community – where everyone, whether as an individual, as a business leader, or as a community leader, makes conscious decisions to lower our carbon footprint.
- D27. One such decision by individuals is our choice of household appliances.
- a. To encourage households to purchase energy-efficient household appliances, we will introduce **incentives to help lower-income households with the cost of these appliances.**
- D28. Outside our homes, we earlier announced plans to add more greenery to our HDB estates.

- a. New housing developments will have around 45% to 60% green cover.
- b. Residents are contributing through the community garden movement. Today, more than 36,000 gardening enthusiasts are nurturing over 1,500 community gardens island-wide. These gardens keep our shared neighbourhood vibrant, and bring people closer together.

D29. **To make sustainable living a key feature of our HDB estates, we will have a new HDB Green Towns Programme.** It will have three key focus areas: reducing energy consumption, recycling rainwater, and cooling our HDB towns.

#### Long-Term Adaptations to Climate Change

D30. I spoke about how we are committing to global efforts, managing our carbon constraints, and building a sustainable Singapore, together. We must try hard and we will do our part. But the course of climate change depends on the commitment of all nations. The risk of rising sea levels remains significant. So our fourth strategic thrust is to prepare our island for rising sea levels.

- a. The Minister for the Environment and Water Resources will elaborate on our immediate plans at the COS.

D31. PM mentioned at the National Day Rally last year that climate change adaptation might cost \$100 billion or more over 100 years. This is a major fiscal outlay in the coming years – so it is right and prudent that we set aside resources for this.

- a. **I will set up a new Coastal and Flood Protection Fund, with an initial injection of \$5 billion.** I will top it up subsequently whenever our fiscal situation allows.
- b. We must have the resolve to deal head-on with the existential threat of rising sea levels. Just as our pioneers planted the trees for us to enjoy, we must protect our island for future generations to come.

D32. Our food security may also come under threat, as imported supplies come under strain from climate change or geopolitical tensions. To improve our food resilience, the Minister for the Environment and Water Resources will provide more details of our 'Grow Local' strategy at the COS.

#### **Securing Our Home**

D33. In uncertain times, there are many calls on our budget. However, we cannot take our peace, prosperity, and stability for granted.

- a. As a small city-state, we are particularly vulnerable to volatilities in our external environment.

- b. Securing our home remains a high priority in our Budget and must be funded adequately. It is imperative that we continue to invest in our **external, internal, cyber, and data security**, to keep Singapore and our families safe and secure.
- D34. Diplomacy and deterrence are the twin pillars of maintaining Singapore's sovereignty.
- a. We strive to build good relations with our neighbours and international partners, and to promote a rules-based world order.
  - b. A strong Singapore Armed Forces supports our diplomatic efforts and ensures that other countries take Singapore seriously. We must be ever ready to defend our interests should negotiations fail.
  - c. We must continue to draw a credible deterrence, by maintaining our military and technological edge, in a prudent manner that stretches every defence dollar.
- D35. Back home, we are committed to protecting our safety and our way of life.
- a. Our Home Team agencies will continue to enhance the operational readiness of their officers, leverage technology, and build partnerships with the community.
  - b. Singaporeans share a strong conviction to look out for each other and to partner the Home Team to prevent and deal with terror threats and crisis, through the SGSecure movement.
- D36. We must also be prepared to deal with cyber threats, as digitalisation becomes more pervasive. Our cyber capabilities have been raised significantly, with the setting up of the Cyber Security Agency, or CSA, in 2015, and the passing of the Cybersecurity Act in 2018.
- a. CSA is preparing measures for the next level of cybersecurity, as we adopt more advanced technologies such as Artificial Intelligence, Cloud, and the Internet of Things.
  - b. All of us, in the Government, enterprises and as individuals, will need to stay vigilant and strengthen our cyber and data security capabilities.
- D37. Data security is also a vital prerequisite and key enabler of Singapore's Digital Economy. It is key to preserving trust in a digitally-connected world.
- a. We enacted the Personal Data Protection Act in 2012, and the Public Service has adopted comprehensive measures to secure and protect citizens' data.
  - b. As we embark on initiatives to realise our Smart Nation ambitions, we must continue to enhance our cyber capabilities.

D38. **I will set aside \$1 billion over the next three years to build up the Government's cyber and data security capabilities**, to safeguard citizens' data and our critical information infrastructure systems.

D39. The respective Ministers will provide more details of the schemes to confront the challenges of climate change and security.

### **A Fiscally Sustainable Singapore**

D40. As we lay out our plans for our economy, people, and environment, we must ensure these plans are fiscally sustainable, so that we have the resources to deal with future needs and challenges.

D41. We must continue to plan our finances based on long-term structural drivers.

a. Revenue flows are difficult to project accurately – we can end up having more, or less.

i. In this term of government, we happen to have more, mainly due to exceptional Statutory Board contributions from MAS, and increased stamp duty collections.

ii. We used some of the unexpected surpluses to save ahead for anticipated needs, and shared some of the surpluses with Singaporeans.

iii. But we must not count on such revenue surprises to keep happening.

b. We must anticipate long-term spending needs and be disciplined to raise revenues ahead of time, so that we can continue to provide quality public services to all Singaporeans.

c. At the same time, we must be mindful of the uncertainties and downside risks to our revenue.

i. There are ongoing discussions to revise international tax rules under the Base Erosion and Profit Shifting project, and we are actively participating in them.

D42. Our fiscal strategy must also be equitable.

a. Major long-term infrastructure is lumpy, and requires hefty upfront investments. But once built, they benefit many generations of Singaporeans.

b. Borrowing for such developments allows us to distribute the cost equitably across current and future generations, without the need for sharp increases in taxes.

- c. However, we must remain disciplined about our use of borrowing. We should continue to pay for recurrent needs, like healthcare expenditure, through recurrent revenues such as taxes.
    - i. Our fiscal discipline has helped us to be among a select group of countries with a triple-A credit rating.
    - ii. This in turn lowers the borrowing costs of enterprises and households, and promotes a virtuous cycle of economic growth.
- D43. We must also maintain our fiscal posture and leave enough to deal with unexpected shocks and longer-term challenges.
- a. The Constitution requires us to run a balanced budget over each term of government. We are being prudent to preserve fiscal buffers, to ensure that we have the wherewithal to stand our ground and bounce back quickly if the tide turns against us.
  - b. This is how we have been able to respond decisively to fight the COVID-19 outbreak, and support Singaporeans and our workers.
  - c. And at the same time, to be able to set aside an Assurance Package for GST to help Singaporeans in the years ahead.
  - d. The accumulated surpluses at the end of the term of government becomes part of our past reserves, which are invested. Today, the Net Investment Returns Contribution from our reserves is the biggest component of our revenue. This is remarkable for a country with no natural resources of any kind.

#### Other Tax Changes

- D44. I am making further changes to our tax system to strengthen its resilience while maintaining competitiveness. The details are in the Annex. [See Annex D-1.]

#### **Budget Position**

- D45. Let me summarise our overall budget position.
- D46. For FY2019, we expect an overall budget deficit of \$1.7 billion, or 0.3% of GDP. The deficit is \$1.8 billion lower than the \$3.5 billion deficit forecasted a year ago. This is due mainly to lower-than-expected expenditures arising from unforeseen project delays.
- D47. When we exclude the Government's top-ups to funds and Net Investment Returns Contribution from our reserves, we expect a basic deficit of \$5.1 billion, or 1.0% of GDP.

- D48. In the coming year, the Singapore economy faces considerable uncertainty, because of heightened risks in the global economy, and the rapidly evolving COVID-19 outbreak. Hence, for FY2020, our budget position will be more expansionary, with a larger basic deficit of \$12.3 billion. This, together with the Stabilisation and Support Package, will impart a considerable fiscal boost to the economy to address near-term concerns.
- D49. On the whole, we expect an overall deficit of \$10.9 billion or 2.1% of GDP. [See Annex D-2.]
- D50. With our fiscal prudence since the beginning of this term of government, we have sufficient accumulated fiscal surplus to fund the overall deficit in FY2020. There is no draw on past reserves.

## **E. PARTNERING SINGAPOREANS TO BUILD SINGAPORE TOGETHER**

- E1. Mr Speaker Sir, we will face more complex challenges ahead, but we are in this for the long haul. We can succeed only if we work together.
- E2. Our ongoing fight against the COVID-19 outbreak is a testament to how we can work together.
  - a. Our healthcare workers and frontline officers are giving their all to keep us safe, and care for those who are unwell.
  - b. And others – community groups, enterprises, and many volunteers have stepped forward. Everyone has something to offer, and every action makes a difference.
- E3. This is the spirit of the Singapore Together movement, which I launched last June – to build a democracy of deeds, mobilise the creative energies and commitment of Singaporeans, find common cause, and beat the odds together, to build our future Singapore.
- E4. We made a concerted effort to involve Singaporeans and stakeholders in our strategic deliberations and budgeting process.
  - a. Over the course of the Budget 2020 consultations, my colleagues and I met almost 1,000 leaders from different parts of society, including our unions, enterprises, social sector, and youths.
- E5. It was a very enriching experience for everyone, and I thank every participant. Some of you will recognise your ideas in the Budget.
  - a. For example, we enhanced the internationalisation support schemes after receiving feedback from TACs such as the Singapore Manufacturing Federation and the Association of Banks in Singapore.
  - b. We provided more resources to support our people to take action to reduce carbon footprint, after several youth leaders I met suggested this.
- E6. I also thank the talented students from Nanyang Polytechnic for the artistic illustrations in my slides today.
- E7. Many Singaporeans are coming up with, and acting on, ideas to make Singapore a better place.
- E8. The youth movement has been particularly strong.

- a. In the area of climate change, youths like Ms Cheryl Lee and her team in the Singapore Youth for Climate Action have been organising activities to encourage youth to take action through simple lifestyle choices.
  - b. Ms Rohini D/O Ravindran is also contributing to the community, by conducting photography and videography sessions for lower-income youth, to develop their problem-solving skills and build a good foundation for them to excel.
- E9. In 2016, we set up the Our Singapore Fund, or OSF, to provide funding support for ground-up efforts in the social domain.
- a. Since then, the OSF has committed nearly \$4.3 million to support over 240 ground-up projects in culture, heritage, arts, and sports.
  - b. One example is Progress NEST started by Mr Akram Hanif, to support children from low-income families.
- E10. Through these partnerships, we have been able to do more and do better. And we are committed to making partnerships an integral part of how we will build our future Singapore.
- E11. I will set aside \$250 million to give greater momentum to our partnership efforts.
- a. I will **top up the OSF** and extend the Fund beyond 2020 to support more ground-up initiatives that Singaporeans are passionate about, across a wider range of domains. [See Annex C-5.]
  - b. The Government is committed to expanding and scaling up successful ground-up projects, such as those supported by the OSF.
  - c. The Ministry of the Environment and Water Resources will also be launching an **SG Eco Fund** to support partnerships with the community and enterprises in our sustainability efforts.
- E12. Channelling the energies of our people to key causes requires us to identify the challenges of our time.
- a. These challenges are multi-faceted and multi-dimensional, but they are ultimately about how Singapore remains exceptional in an increasingly complex world.
  - b. The solutions will also come in all shapes and forms, from all levels of society – from government policies to individual efforts on the ground. We must overcome these challenges and find solutions together.
- E13. The Government will work with agencies and key stakeholders to identify major societal challenges. This will help us focus our collective efforts on the challenges that matter, and allow us to galvanise good ideas and solutions from the public.

- E14. We have issued several national innovation challenges to date, in the areas of energy, land and liveability, ageing, urban mobility, and AI-enabled healthcare.
- a. For example, our AI Healthcare Grand Challenge is drawing strong interest here, and with partners from France and Germany.
  - b. Under the National Innovation Challenge in Ageing, we sought ideas to combine different technologies to enable ageing in place, and deployed these solutions at a precinct level.
  - c. While we are only in our initial phases, we have learnt useful lessons, and seen encouraging results.
- E15. We will issue more specific challenges to encourage ground-up participation. These include challenges in the social sector, where we have built many community partnerships to better support children from low-income and vulnerable families, and promote youth mental well-being, amongst other things.
- E16. The respective Ministers will provide more details of the schemes I have mentioned in this section later.
- E17. I am excited about the prospect of stronger government-citizen partnerships in overcoming these challenges, and look forward to the results that these partnerships will yield.
- E18. As this Budget has many measures, MOF has prepared a booklet summarising the measures, which I hope colleagues will find useful. With your permission, Mr Speaker, may I ask the Clerks to distribute these to all Members of this House.

## F. CONCLUSION

- F1. Mr Speaker, Sir, let me say a few words in Mandarin before I conclude in English.
- F2. 2019 冠状病毒的传播，为全球增添了很多不确定因素。病毒无国籍，防控无国界。
- a. 多个国家的政府、国际组织、科研以及医疗人员，也都在积极加强合作。
  - b. 中国采取了一系列高效有力措施，中国抗炎早日成功将对中国和全世界有所帮助。
- F3. 当前形势对我国的经济带来了广泛的影响。一些行业已经受到冲击。国人也担心他们的就业前景。我可以理解。
- a. 为了减轻企业以及国人所面对的压力，我将推出 40 亿元的“经济稳定与援助配套”。
  - b. 为了协助国人应付家庭开销，我也将推出 16 亿元的“关怀与援助配套”。
  - c. 新加坡有足够的资金应对眼前的挑战。这是因为我们居安思危，未雨绸缪，把这届政府的财政盈余储备起来，应对不时之需。
- F4. 我国是否能够克服这次的挑战，将取决于国人是否能够互相扶持，维护社会凝聚力。在面对许多未知时，大家难免会感到忧虑。但是，我们绝对不能出现恐慌。大家要好好照顾自己的个人卫生，并为我们周边的人着想。同时，我们也可以采取实际行动，帮助有需要的群体。
- F5. 财政预算案是一个长期的战略规划，确保新加坡可以持续发展，国人可以过上更美好的生活。我们在克服短期挑战的同时，也必须着眼应对长期的结构性转变，并把握这些转变所带来的机遇。
- a. 首先，我们必须继续推动企业转型，为国人创造更多机会。所谓学无止境，我们将通过“技能创前程计划”，鼓励国人在人生的每一个阶段，终生学习，终生受用。我们也将推出“技能创前程中年转业援助配套”帮助中年人，掌握新技能，胜任新工作。
  - b. 第二，我们会一起打造一个具有爱心和包容心的社会。我刚宣布消费税在 2021 年将保持在百分之七。但为了应付不断增加的开支，如医疗保健，我们还是需要在 2025 年或之前调高消费税。消费税上调时，我们将继续帮助低收入家庭，为他们提供更多援助。我将推出 60 亿元的“定心与援助配套”，并且加强现有的永久性消费税补助券计划。

- c. 第三，我们要继续推动国家建设，维护新加坡的安全与稳定，并确保我们拥有可持续的财政体系。这是我们对子孙后代的承诺。尤其是应对气候变化，我将拨款 50 亿元设立新的“海岸及洪水防护基金”。
  - d. 第四，我们将与国人风雨同舟，携手建设我们的国家，打造属于我们的家园。
- F6. 所谓幼有所教、弱有所扶、老有所养、我们希望新加坡不仅是个养儿育女的好地方，也是一个让年长人士过上有意义、有尊严生活的温馨家园。
- a. 我们将改进现有的乐龄补贴计划，协助低收入年长人士应付开销，让他们的退休生活更有保障。
  - b. 另外，我们将推出退休户头配对填补计划，帮助那些公积金存款不多的国人填补他们的公积金储蓄。
  - c. 我们也鼓励年长国人保持身心活跃，过上充实的退休生活。
- F7. 当今，全球局势不稳定，各国也面对结构性的转变。从长远来看，应付突如其来的病毒只是我们前进道路上的其中一个挑战。我们不能为此而停滞不前，必须一起朝着共同的目标不断前进。正如“群策群力，共创未来”运动一样，只要我们集思广益，携手同心，我们一定能排除万难，共创更美好的新加坡。
- F8. I will now conclude in English.
- F9. Mr Speaker Sir, There are deep structural shifts taking place in the world today, coupled with near-term concerns over economic uncertainties and the COVID-19 outbreak. All nations, big or small, will have to devise strategies and mobilise their people to navigate these changes and turbulence.
- F10. Singaporeans have enjoyed more than half a century of stability and prosperity because we have seized the opportunities from an increasingly open and interconnected world. Every decade or so, when a test comes, we have rallied and passed it together.
- F11. In this Budget, I have outlined our plans not only to help our people deal with near-term challenges, but also to better enable Singaporeans of all ages to thrive in the new decade.
- a. The Stabilisation and Support Package, costing \$4 billion, will help viable enterprises, and our workers during these uncertain times.
  - b. Our Transformation and Growth effort, costing \$8.3 billion over three years, will support our longer-term plans to position Singapore as a Global-Asia node of technology, innovation, and enterprise.

- c. The Care and Support Package, costing \$1.6 billion, will support our households and alleviate concerns over cost of living. This is on top of the structural social subsidies given to Singaporeans in healthcare, education, and housing.
- d. We will continue to take steps towards climate change mitigation and adaptation, to ensure that in the decades ahead, our children and children's children will have a safe and liveable Singapore.

F12. I am confident that together, we can ensure that Singapore remains exceptional.

- a. As one Singapore, we will **Grow** our economy and transform our enterprises, creating opportunities for Singaporeans.
- b. As one Singapore, we will **Care** for and nurture Singaporeans at every stage of their lives, to build a caring and inclusive society.
- c. As one Singapore, we will **Build** a liveable and sustainable Singapore in the face of climate change, **Secure** our sovereignty as an independent nation, and ensure our fiscal sustainability.
- d. And as one Singapore, we will work **Together** with fellow Singaporeans, to build a nation and a home we will always call our own.

F13. Our nation has built up the capital – financial, human, and social – to go the distance. The Singapore spirit is strong and growing. Together, we will advance, as One Singapore.

F14. Mr Speaker, Sir, I beg to move.