

MINISTERIAL STATEMENT ON CONTINUED SUPPORT FOR WORKERS AND JOBS

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A. INTRODUCTION

A1. My fellow Singaporeans.

- a. Since I delivered the Fortitude Budget in May, the pandemic has continued to rage on in many parts of the world. The number of COVID-19 infections around the world has more than tripled to over 21 million.¹ More than 750,000 lives have been lost.
- b. The resulting economic impact has been severe. The global economy is projected to contract by 5% this year.² In Singapore, we experienced our worst quarterly performance on record – a 13.2% contraction year-on-year in the second quarter of 2020.

A2. The Government has dedicated close to \$100 billion over four Budgets to support our people and businesses in this crisis. We mounted a robust and swift response.

- a. We implemented measures to save lives, and to support workers and households.
- b. We also introduced measures to help tide businesses over this difficult period, retain their employees, and preserve core capabilities.

A3. Our COVID-19 situation is now under control. The Multi-Ministry Taskforce is working towards resuming more activities in a safe and sustainable manner.

A4. However, the global economy remains very weak.

- a. Much will depend on how well countries contain the spread of the virus. An effective vaccine, even if found, will take time to be produced and distributed.
- b. Some countries have re-opened only to experience new waves of infection. These have further set back their economic recovery.
- c. We must continue to be vigilant. Safe management measures and restrictions on international travel will be with us for some time.

A5. I have been listening to residents and workers share their anxieties on job security and loss of income. Business and union leaders have also spoken about their efforts to retain workers and help them upskill or retrain. Regardless of your circumstances, the

¹ Source: World Health Organisation COVID-19 Dashboard. There were 5.4 million confirmed cases and about 344,000 deaths reported to WHO, as of Fortitude Budget Statement. Currently (as of 15 Aug 2020), there are 21 million confirmed cases and about 756,000 deaths reported.

² The World Bank (Global Economic Prospects) and IMF (World Economic Outlook) estimates of 2020 global GDP growth are -5.2% and -4.9% respectively. These publications were released on 8 and 24 June 2020 respectively.

Government will help you to rebuild from this crisis, working in close tripartite partnership.

- A6. Together, we must continue to adapt to the rapidly changing situation. We designed our measures to give us flexibility for adjustments as the crisis progresses. Some of these measures are ending soon. It is therefore timely for us to advance our strategies in three areas:
- a. First, we will continue to support jobs and create new ones.
 - b. Second, we will provide further support for sectors which are hit the hardest.
 - c. Third, we must position ourselves to seize growth opportunities in a post-COVID-19 world.
 - d. Let me elaborate on each of these.

B. CONTINUED SUPPORT FOR WORKERS AND JOBS

Protecting Jobs

- B1. First, we will continue to protect jobs and create new opportunities for our workers.
- B2. We launched the Jobs Support Scheme, or JSS, at the start of the pandemic with one clear goal – to protect jobs.
- a. Since then, over \$16 billion of JSS payouts have been disbursed, benefitting over two million local workers in more than 150,000 firms.
 - b. While the unemployment rate has gone up, we have so far managed to keep it below the peak levels seen during SARS and the Global Financial Crisis.³
- B3. The JSS currently covers the wages of employed workers up to August 2020. I will extend the JSS by up to seven months, covering wages paid up to March 2021.
- B4. However, we cannot sustain the JSS at current levels. It draws heavily on our reserves and risks trapping our workers in unviable businesses. Some sectors are also recovering faster than others. I will therefore adjust support based on the projected recovery of the different sectors.
- a. Firms in the aerospace, aviation, and tourism sectors have been hardest hit. I will provide support at 50% wage levels for seven more months.

³ Resident unemployment rate went up from 3.3% to 3.9% over 2Q2020, Labour Market Advanced Release Second Quarter 2020, Ministry of Manpower.

- b. For the built environment sector, I will provide 50% wage support for two more months, before lowering to 30% for wages paid up to March 2021. This is in line with the phased resumption of construction activities.
 - c. The arts and entertainment, food services, land transport, marine and offshore, and retail sectors will receive 30% wage support, also for seven more months.
 - d. For the large majority of the remaining sectors, I will provide 10% support for seven more months.
 - e. For the few sectors that are managing well, such as biomedical sciences, financial services, and ICT, I will provide 10% support for four more months, for wages paid up to December 2020.
 - f. The full details will be on the Singapore Budget website.
- B5. With the JSS extension, most businesses will receive wage support for 17 months to help them retain as many workers as possible. Over these months, JSS support will range from 10% to 75%. Even at 10% support, the payouts cover more than half of employers' CPF contributions. This ensures that we continue to build up the CPF savings of our workers during the crisis.
- B6. I urge all businesses to make full use of this additional support to retain and upskill your workers, and to transform your operations for the post-COVID-19 world. This will enable you to spring back faster when the recovery comes. For firms that are coping well, I encourage you to return or donate your JSS payouts. Nearly 600 firms have already done so, and I thank them for their sense of community.
- B7. Besides the JSS, businesses can also tap on other existing schemes, such as the enhanced Enterprise Financing Scheme and Temporary Bridging Loan Programme which are available until March 2021.

Creating Job Opportunities

- B8. There are bright spots amidst the severe economic situation. Our biomedical sciences, financial services, and ICT sectors continue to need more workers. The public healthcare and long-term care sectors are hiring. Some firms in the F&B and manufacturing sectors are growing and innovating.
- B9. To support hiring in these growing areas, we will launch the Jobs Growth Incentive, or JGI. The JGI supports the Government's efforts to create new jobs for our workers, with a special focus on our mature workers.
- B10. This \$1 billion programme will support firms to increase their headcount of local workers over the next six months.

- a. For these firms, the Government will co-pay up to 25% of salaries of all new local hires for one year, subject to a cap.
 - b. For those aged 40 and above, the co-payment to firms will be up to 50%.
 - c. The Ministry of Manpower will provide more details later this month.
- B11. To better flow workers to new opportunities, we have set up 24 SGUnited Jobs and Skills Centres in the heartlands.
- B12. I encourage jobseekers to visit these centres and make the best of the resources available – to find a suitable job, traineeship, attachment or training. This way, you are better prepared when the job market recovers.

Supporting Workers

- B13. Even with our best efforts, retrenchments will be inevitable. As our Labour Movement puts it, we cannot protect every job, but we will protect every worker. For those of you who have fallen on hard times, we will continue to support you and walk this journey with you.
- B14. The Government will continue to work closely with our tripartite partners to help our displaced workers.
- a. We are updating the Tripartite Advisory on Managing Excess Manpower and Responsible Retrenchment, to incorporate the Fair Retrenchment Framework proposed by NTUC.
 - b. The NTUC Job Security Council, which was set up earlier this year, has matched more than 20,000 displaced and at-risk workers to new opportunities.
- B15. I will also extend the COVID-19 Support Grant, or CSG, to help Singaporeans who are unemployed or have suffered significant income loss.
- a. The CSG was introduced in May to complement our ComCare scheme in these extraordinary times. More than 60,000 residents have benefitted, with more than \$90 million disbursed so far.
 - b. I will extend the CSG until December 2020.
 - c. From 1 October 2020, the extension will be open to both existing CSG recipients and new applicants. To qualify, unemployed applicants must demonstrate job search or training efforts.

- d. The Ministry of Social and Family Development will share more details in early September.
 - e. Our labour market is likely to remain weak beyond 2020. We are studying how to continue supporting employees and self-employed persons who are most vulnerable.
- B16. Another group we must look out for is low-wage workers. Many of them are essential workers who have kept Singapore going during the crisis.
- a. I had earlier announced a \$3,000 Workfare Special Payment. Currently, those on the Workfare Income Supplement scheme for work done in 2019 are eligible.
 - b. I will widen the eligibility of this Special Payment to include those who were not on Workfare last year but have received or will be receiving Workfare for work done this year.

C. PRESERVING CORE CAPABILITIES

- C1. The measures that I have just announced provide support for workers in all sectors of our economy, aligned to the expected pace of recovery.
- C2. But three sectors in particular – aerospace, aviation, and tourism – have been hit the hardest. Our second strategy is to provide further support for these sectors, to retain core capabilities and position them for an eventual recovery.
- C3. These sectors are important parts of our economy, and they are multipliers for other sectors. In particular, Singapore’s position as a global business node depends on our connectivity as an air hub. The Changi Air Hub and its adjacent industries contribute to over 5% of Singapore’s GDP and employ more than 190,000 people. Tourism adds vibrancy to our retail and F&B sectors.
- C4. To position these hardest-hit sectors for recovery, we will work with companies to support workers with specialised skills. I will also provide further sectoral support to retain core capabilities.
- a. For the aviation sector, I will allocate an additional \$187 million to extend the support measures in the Enhanced Aviation Support Package up to March 2021. This will provide cost relief for our airlines, ground handlers, cargo agents, and airport tenants. This package will also support our local carriers to regain our air connectivity to the world.
 - b. For workers in the aviation sector who cannot work now, we have been helping to redeploy them to other areas of need, where their skills are valued. So far,

we have redeployed 500 aircrew to hospitals as Care Ambassadors, tapping on their service skills to support non-clinical work.

- i. Ms Hanim Zainuddin, an SIA leading stewardess, is now temporarily redeployed to KK Hospital. Ms Hanim was inspired by the experiences shared by earlier batches of Care Ambassadors and decided to step forward during this unprecedented time. I thank Ms Hanim and all our frontline workers for their contributions.
 - c. We will scale-up the temporary redeployment programme. We will create around 4,000 new jobs, including permanent roles, in the healthcare sector alone. And we are also creating more jobs in other areas of need.
 - d. Our foreign visitor arrivals have dried up because of the travel restrictions, but we are determined to support our tourism sector by encouraging local tourism. I will set aside \$320 million for tourism credits that Singaporeans can use. We will call them the SingapoRediscovered Vouchers. Many Singaporeans love to travel but are unable to do so now. Local consumption will not fully make up for tourist spending, but I hope Singaporeans will take the opportunity to explore our local culture and heritage, nature, art, and architecture. You may be surprised by what you discover. The Ministry of Trade and Industry will provide more details next month.
- C5. Businesses in the arts and culture, and sports sectors will also take much longer to resume full activities. These are important sectors that strengthen our social fabric and diversity. Support was provided through the Resilience Budget. I am prepared to provide further support to preserve core capabilities that we have built over the years, in consultation with the Ministry of Culture, Community and Youth.
- C6. A small number of businesses, such as those in the nightlife industry, may unfortunately not be able to open soon, due to safe management considerations. For these businesses, the Government will help them transition to other activities or ease their exit. More details will be provided by the Ministry of Trade and Industry.

D. TRANSFORMING OUR ECONOMY FOR A POST-COVID-19 WORLD

- D1. Our third strategy is to continue to transform our economy. We started our economic transformation five years ago, when we developed Industry Transformation Maps for 23 sectors. The COVID-19 pandemic has accelerated many structural shifts. Let us build on our head start and continue to prepare our workers and businesses for the future.
- D2. What will the post-COVID-19 world look like? No one really knows. But it will not be business-as-usual.

- a. The US-China strategic competition has intensified, with tremendous implications on trade, technology, and the global order.
 - b. Global supply chains are being reconfigured, with a greater premium placed on resilience and reliability.
 - c. The digital shift has accelerated, challenging the viability of current business models, and changing many jobs.
 - d. New areas of growth – such as healthcare, sustainability, and artificial intelligence – are emerging.
 - e. New jobs are being created, requiring new skills and new ways of working.
- D3. To build on our transformation momentum, I allocated \$8.3 billion over three years to support our Transformation and Growth strategy in our Unity Budget in February.
- D4. Firms that have invested in innovation were able to nimbly pivot to new opportunities during this crisis.
- a. One example is Decks Private Limited, a retailer with brands such as Island Shop. During the Circuit Breaker, it revamped its e-commerce platform and expanded to other e-marketplaces. Its online sales increased tenfold. It is now taking the opportunity to expand and hire more workers even though the retail sector has been hard hit.
 - b. Another example is Certact Engineering, a precision engineering company. When the pandemic struck, Certact pivoted to manufacturing parts for high-demand medical equipment like ventilators. Today, the company is working with the union to upskill its workers.
- D5. Our startups are also contributing to economic growth and our efforts against COVID-19.
- a. To continue to spur innovation and entrepreneurship, I will set aside up to \$150 million, to enhance the Startup SG Founder programme in phases. We will raise the startup capital grant and continue to provide mentorship. The Ministry of Trade and Industry will provide more details later this week.
- D6. Earlier this year, I set up the Emerging Stronger Taskforce, co-led by Minister Desmond Lee and Mr Tan Chong Meng. The Taskforce has been consulting widely, and is in the midst of a three-month sprint to prototype new ideas through the industry-led Alliances for Action. Areas being covered include smart commerce and supply chain digitalisation. Working together with our businesses, we will capture new opportunities, create better jobs, and reimagine our economy, so that we can emerge stronger from the crisis.

E. CONCLUSION

- E1. The continued support in our fight against COVID-19 will cost \$8 billion. We intend to fund these measures by reallocating monies from other areas, such as development expenditures that were delayed due to COVID-19. There are no plans to draw on Past Reserves for these measures, beyond what was approved earlier.
- E2. I have briefed the President and the Council of Presidential Advisers on the latest situation and the need for these measures. I thank them for their earlier support and approval for the use of Past Reserves to respond to the crisis, which has put us on a strong footing to manage the evolving situation.
- E3. We are living in unprecedented times. Let us continue to focus our minds on making the best use of what we have, to build a stronger economy and a more cohesive society.
- E4. It is a difficult journey ahead, but you will not walk alone. We are faced with an extraordinary crisis, but we are one people with extraordinary courage, commitment, and can-do spirit.
 - a. We have the fortitude – to improvise, adapt, and overcome the uncertainties.
 - b. We have the resilience – to weather the difficulties, turn challenges into opportunities, and prepare for the future.
 - c. And we will stand in solidarity as one united Singapore – to beat this crisis and emerge stronger as a nation.
- E5. Thank you.