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COVID-19 - SOLIDARITY BUDGET: SINGAPORE FURTHER ENHANCES ASSISTANCE TO RETAIN AND UPSKILL EMPLOYEES

Apr 08, 2020

SUMMARY

The Solidarity Budget marks the third Budget introduced by the Singapore Government in a span of three months, complementing measures previously introduced and enhanced by the Unity Budget and Resilience Budget.

As Singapore enters "circuit breaker" mode today, this blog explores the assistance provided to retain and upskill employees.

The COVID-19 pandemic is expected (and has already proven) to have severe economic ramifications for economies around the world given the uncertain landscape ahead.

To mitigate and provide economic relief against such impact, the Singapore Government has introduced the Solidarity Budget on 6 April 2020, which is the third Budget introduced within a span of three months. It complements measures introduced by the Unity Budget and Resilience Budget which were announced on 18 February 2020 and 26 March 2020 respectively.

The Solidarity Budget will mobilise an additional S$5.1 billion with latest measures aimed at saving jobs and protecting livelihoods during the four weeks when schools and non-essential businesses have to be shut as part of the "circuit breaker" distancing measures that will kick in today, 7 April 2020.

Together, the three Budgets total an unprecedented S$64 billion worth of aid or about 12 per cent of Singapore's Gross Domestic Product (GDP) to combat COVID-19 and its economic impact on Singapore.

This blog will be focusing on two components of the measures: the Job Support Scheme and Reskilling & Training.

Wage Support Schemes

The Unity Budget introduced the Job Support Scheme (JSS) to provide wage support to employers during this period. The JSS was enhanced under the Resilience Budget where businesses were provided a 25% cash grant on the first S$4,600 of monthly wages for every local worker for nine months. Further support of up to a 75% grant will be provided for employees in sectors that are more severely affected by the COVID-19 pandemic, such as the tourism, aviation and food service sector. The JSS was further enhanced by the Solidarity Budget where the Singapore Government extended the 75% grant to every local employee for the month of April 2020, regardless of sector. The JSS applies to more than 1.9 million local employees and is estimated to cost S$18 billion dollars – exemplifying the Government's commitment to continued employment.

Being the median wage in Singapore, S$4,600 seemed appropriate to be set as the wage cap for the JSS. Notably, employers with workers earning above the median wage will also be eligible for JSS subsidy, up to the stated cap of S$4,600. The first JSS payout is expected to be in April 2020, with some firms to receive the first tranche next week.

In addition to the JSS, eligible self-employed persons (SEPs) will be given three quarterly cash payouts of S$3,000 each in May, July and October 2020 as part of the SEP Income Relief Scheme.

As most businesses suspend their physical operations starting today pursuant to "circuit breaker" measures, companies may be pressured to take formidable cost-cutting and cost-preserving actions. The JSS and the SEP Incoming Relief Scheme are unapologetic short-term measures aimed at tiding business over immediate challenges and to preserve jobs. However, in order to weather this crisis, companies must re-examine their business model and seize the opportunity to regroup, reskill and strategise.

Reskilling & Training

Digitalisation is a key area of growth as it is currently the only way non-essential businesses can continue its operations. We have seen traditional players which have been resistant to technology being thrown in a state of flux as lockdowns and closures were announced globally. The Singapore Government has therefore committed a significant amount to aid the digital capability development of businesses, with a focus on small-medium enterprises (SMEs).

SMEs currently employs approximately two-thirds of Singapore's workforce and contributes to nearly half of Singapore's GDP. As such, the following programmes were enhanced to help SMEs build up their capabilities:

- The Productivity Solutions Grant (PSG), which provides up to 80% of funding support for companies keen on adopting IT solutions and equipment;

- The SMEs Go Digital programme, which provides up to 80% of funding support and is specifically catered to cover costs for hardware, cybersecurity and infrastructure; and
- The Enterprise Development Grant (EDG), which provides up to 90% of funding support for third-party consultancy fees, software and equipment and internal manpower costs for companies looking to innovate and upgrade.

Digitalisation must be complimented by the workforce using it. As such, many training-support programmes have been provided and these ranges from course fee subsidies to absentee payroll rates to SGUnited Traineeships – which supports employers hiring fresh graduates during this period.

The COVID-19 pandemic has and continues to seriously test the resilience of businesses, societies and countries around the world. The months following will be more severe and trying as the consequences of the suspended events, businesses, operations and the various lockdowns (or similar restrictions) are only beginning to be felt. Businesses are encouraged to retain and invest in their employees so that once this crisis subsides, it can and will emerge stronger.

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