

A. INTRODUCTION

A1. Mr Speaker, Sir. I beg to move, that Parliament approves the financial policy of the Government for the Financial Year 1 April 2021 to 31 March 2022.

Fighting COVID-19

A2. We have spent a year fighting the COVID-19 pandemic.

A3. Last year, in addition to our usual spending, the Government committed nearly \$100 billion through five Budgets to support Singaporeans, help tide businesses over this difficult period, and most importantly, keep everyone safe.

A4. We faced the worst recession since our independence.

- a. The pandemic-triggered recession has hit both demand and supply simultaneously.
- b. Singapore's GDP contracted by 5.4% in 2020.¹
- c. The overall budget deficit for Financial Year 2020 is also the largest since Singapore's independence, at \$64.9 billion, or 13.9% of GDP.

A5. Our fiscal response played a critical role in helping us contain the impact of the crisis.

- a. We averted the worst, and prevented deep economic scarring and permanent impairment of our economic strengths.
- b. Last week, the Ministry of Finance released an interim assessment of the COVID-19 Budget measures. Our early findings show that the combination of fiscal, monetary, and transitional measures, mounted as a whole-of-government response, has helped avoid a worse recession, avert job losses, and mitigate inequality.
 - i. Without the fiscal and monetary policy measures, Singapore's GDP would have shrunk by at least 12.4%, more than double the contraction we experienced.
 - ii. These measures are also estimated to save or create 155,000 jobs on average over 2020 and 2021, preventing the resident unemployment rate from rising a further two percentage points in 2020.
 - iii. Lower-income households received higher levels of support from some of the COVID-19 measures, such as the Workfare Special Payment and Grocery Vouchers.

¹ Source: Ministry of Trade and Industry.

- iv. While fiscal measures did most of the heavy lifting, the measures taken by the Monetary Authority of Singapore, to maintain an accommodative monetary policy stance, ease cash flow constraints, and ensure liquidity in the banking system, complemented the fiscal measures well.
 - v. The Ministry of Law's COVID-19 (Temporary Measures) Act 2020 also offered temporary relief to individuals and businesses for rental and various other contractual obligations.
- c. On the public health front, community cases have remained low and we have been on a path of gradual re-opening since June last year.
- A6. **We were able to mount a whole-of-government response to COVID-19, without incurring a huge debt for future generations, because successive generations have built up strong reserves ahead of this crisis.** I thank the President for her support for the use of Past Reserves to fund our response to COVID-19 so far.

Adapting Our COVID-19 Response

- A7. As we re-opened our economy, we shifted our measures from containment to restructuring, while continuing our support for Singaporeans, workers, and businesses.
- a. We transitioned our broad-based support to more targeted ones for firms, especially those in the hardest-hit sectors.
 - b. We introduced measures to preserve core capabilities.
 - c. We shifted our focus from job retention to job creation, and helped workers secure jobs in growth sectors.
 - d. We set up the Emerging Stronger Taskforce amid the crisis to respond to the new realities.

Emerging Stronger in a Post-COVID-19 World

- A8. The global battle against COVID-19 is far from over. Many places are still experiencing high levels of infection.
- A9. The recovery in global economic activity is expected to be long-drawn, highly uncertain, and uneven across sectors and geographies.
- A10. The arrival of vaccines gives us hope that economies and borders can re-open more quickly. But it is no silver bullet.
- a. Vaccinating a large proportion of the population will take some time.
 - b. The emergence of more infectious variants may raise the threshold for herd immunity and disrupt the resumption of economic activities. If a new strain that

is resistant to existing vaccines emerges, a new round of vaccination will be needed, further delaying economic recovery.

A11. This uncertainty is accentuated by several structural trends and challenges, including some brought to the fore by the pandemic. I will mention two:

- a. First, the rising protectionism over supply chains, resources, data, and technology. This has been accelerated by a heightened sense of vulnerability and distrust during the crisis.
- b. Second, the unprecedented levels of public debt globally to finance the extraordinary fiscal responses during the pandemic. These add to concerns over long-term sustainability of debt and risks of inflation over time.

A12. The trajectory of the pandemic will determine the immediate trajectory of the global economic recovery. As a small, open economy, Singapore's economic recovery is contingent on how the global situation plays out.

- a. Not everything is within our control.
- b. We need to adapt nimbly to the wide range of possible outcomes.

A13. Since our independence, Singapore has weathered crisis after crisis, and emerged stronger. **I am confident that we, as Singaporeans, can once again summon our resolve to tackle the challenges, and emerge stronger from this unprecedented crisis.**

A14. **Let us seek to build a stronger Singapore:**

- a. **That is economically vibrant**, so we can create good jobs for our people and opportunities for our businesses;
- b. **That is socially cohesive**, with a strong social compact and community spirit;
- c. **That is a welcoming home**, green and sustainable for generations to come; and
- d. **That has the fiscal and social reserves** to enable continued stability and progress.

A15. Budget 2021 deploys our fiscal resources and the energies of our people, to realise our collective aspirations and build our future together.

A16. I will now elaborate on our plans, with the details in the annexes.

B. RELIEF FOR RECOVERY

COVID-19 Resilience Package

- B1. Let me first focus on our immediate tasks. The global economy is projected to recover to pre-COVID-19 levels this year, but the recovery is uneven across countries and sectors.² The Singapore economy is projected to grow between 4% and 6%, with some sectors growing well, and others remaining under stress.
- B2. I will set aside **\$11 billion for a COVID-19 Resilience Package**. This Package will have three prongs:
- a. First, to address our immediate needs to safeguard public health and re-open safely;
 - b. Second, to support workers and businesses where needed; and
 - c. Third, to target support for sectors that are still under stress. (See Annex B-1.)

Public Health and Safe Re-Opening

- B3. **The first prong is to safeguard the health of Singaporeans.**
- B4. Vaccinating our people is key.
- a. We started our vaccination programme last year. As at 14 February this year, close to 250,000 people have received their first dose of the COVID-19 vaccine, of which about 55,000 have also received their second dose.
 - b. I strongly encourage Singaporeans and residents who are medically eligible to take the vaccine when your turn comes.
- B5. At the same time, we must continue to contain the spread of the virus, by keeping up our precautionary measures and our multi-layered defence system of contact tracing, testing, and safe distancing.
- B6. **Altogether, I will be dedicating \$4.8 billion of the COVID-19 Resilience Package towards public health and safe re-opening measures.**

Support for Workers and Businesses

- B7. **The second prong of our Package is to continue support for workers and businesses where needed.**
- B8. COVID-19 continues to affect many of our workers and businesses.

² International Monetary Fund World Economic Outlook January 2021 Update.

- a. When COVID-19 first hit, I introduced the Jobs Support Scheme, or JSS, with a clear goal to protect jobs and to help firms retain local workers.
 - b. As the situation deteriorated in the ensuing months, I enhanced the wage support level and its duration, and brought forward the disbursement timeline.
 - c. As the situation improved, I tapered support for sectors that were recovering well, and extended support to harder-hit sectors.
 - d. So far, we have committed over \$25 billion to the JSS, and supported over 150,000 employers for up to 17 months. The current tranche will continue to cover wages up to March 2021 for most sectors.
 - i. I am heartened that many employers have managed to retain and reskill their workers.
- B9. Even as our economy recovers gradually and some sectors grow well, some other sectors remain stressed. I will tailor support to maintain resilience and support growing areas.
- B10. First, I will continue to provide JSS, targeted towards sectors that continue to be hard-hit.
- a. For firms in Tier 1 sectors – aviation, aerospace, and tourism, I will extend JSS by six months. Firms in these sectors will receive 30% support for wages paid from April to June 2021, and 10% support for wages paid from July to September 2021.
 - b. For firms in Tier 2 sectors, such as retail, arts and culture, food services, and built environment, I will extend JSS at 10% for three months, covering wages paid up to June 2021. This excludes segments like supermarkets which are classified as Tier 3B.
 - c. For firms in Tier 3A sectors, JSS will continue covering wages up to March 2021, as previously announced. These sectors are generally recovering.
 - d. Nightlife establishments such as pubs, and karaoke outlets, are not yet permitted to re-open. They can apply for grants from the Ministry of Trade and Industry and Enterprise Singapore to pivot to other permissible activities or wind down.
 - e. Overall, the JSS extension will cost \$700 million. (See Annex B-2.)
- B11. Second, to facilitate workers moving to jobs in growth areas, I will be extending specific schemes within the SGUnited Jobs and Skills Package, including the Jobs Growth Incentive and specific traineeship, attachment and training opportunities. I will elaborate on these later.
- B12. Last year, I extended the Temporary Bridging Loan Programme and the enhanced Enterprise Financing Scheme – Trade Loan till 30 September 2021, to ensure businesses

have continued credit access. I also enhanced the Enterprise Financing Scheme to better support loans for local construction projects.

- a. These programmes have helped many companies in the past year, with more than 20,000 taking up over \$17 billion of working capital and trade loans.
- b. I hope businesses will make full use of these schemes.

B13. The COVID-19 Resilience Package also funds the COVID-19 Recovery Grant, which supports workers who lost their jobs or experienced significant income loss.

- a. The Grant has been open for applications since 18 January 2021, and more than 5,000 applications have been approved as of 15 February 2021.

Support for Specific Sectors

B14. **The third prong of the COVID-19 Resilience Package is to provide more targeted support for the worst-hit sectors**, which continue to be adversely affected in 2021. They will need help to maintain capabilities and eventually recover.

- a. First, for our aviation sector, the recovery in global air traffic will take some time.
 - i. International borders remain largely closed today. As of end-January this year, total passenger movements in Changi were only about 2% of pre-COVID-19 levels.
 - ii. To preserve core capabilities and Singapore's strong position built up over the years, **I will provide targeted support and extend cost relief for the aviation sector.**
 - iii. This will cost the Government \$870 million this year.
 - iv. I expect the aviation sector to use this lull to sustain and upgrade its capabilities, and to prepare for the recovery. I will elaborate on this later.
- b. In our land transport sector, taxi and private hire car drivers have been hard hit by the pandemic, and will continue to need support in 2021.
 - i. They will be supported by the COVID-19 Driver Relief Fund, which we announced previously.
 - ii. I have set aside \$133 million for this Fund.
- c. The arts and culture, and sports sectors, connect our communities and weave the fabric of our society. These sectors have been deeply affected by the pandemic.
 - i. **I will extend the Arts and Culture Resilience Package and Sports Resilience Package in FY2021** to support businesses and self-employed persons in these sectors.

- ii. I will also enhance these packages to support capability development and sector transformation, to encourage the community to deepen skills, go digital, and transform business models. We look forward to activities resuming, with greater vibrancy.
- iii. I will set aside \$45 million for the extension and enhancements to these packages.
- iv. The Ministry of Culture, Community and Youth will announce more details on both packages.

C. EMERGING STRONGER WITH SKILLED WORKERS AND INNOVATIVE BUSINESSES

- C1. I have covered the COVID-19 Resilience Package, which addresses our immediate needs – to safeguard public health, provide support for workers and businesses, and give more help to worst-hit sectors.
- C2. The past year’s Budgets and the COVID-19 Resilience Package are about preservation and adaptation – to safeguard lives, jobs, supply chains, and core economic capabilities.
- C3. **From 2021, our focus will be on Emerging Stronger, Together.**
- C4. Why is this important? The COVID-19 pandemic has triggered global shifts on the economic, social and political fronts, on a scale arguably greater than the 1929 Great Depression. It has set off new domains for competition and cooperation. It has also accelerated technological advances. To secure our future, we must build new capabilities in our people and businesses, and find new ways to work together effectively. Within and across industries, and beyond our shores.
- C5. While the post-COVID-19 global economic landscape is being reshaped and remains uncertain, we can discern the broad contours.
- C6. What are some of the key changes that can affect Singapore?
 - a. First, the speed of technological advances and re-configuration of global supply chains, will reshape competitive advantages.
 - i. During the 2003 SARS outbreak, by the time vaccines were ready for clinical trials, the virus was already largely contained through public health measures. But the COVID-19 pandemic has been different. Governments, scientists, and industry mobilised to work together at unprecedented speed. COVID-19 vaccines were developed in less than a year, and tests were implemented within weeks to months, in the US, China, Europe and Russia. This collaboration across industries and nations, has been a positive side of the pandemic.
 - ii. But COVID-19 has also accentuated a US-China-centric technology race, into a global race for technological superiority, and heightened concerns over supply chain resilience. For Singapore, as global supply chains are reconfigured, we must plug ourselves into critical parts of global networks. Businesses will need to transform and digitalise, to plug into the flow of goods and capital.
 - b. Second, COVID-19 has hit countries and communities unevenly and widened inequalities. The virus respects no borders. The global economy will remain stunted for as long as there are countries that have yet to suppress COVID-19. This is why Singapore is working with like-minded countries through the COVAX

facility, to promote global access to the vaccine, and help accelerate the resumption of safe travels.

- c. Third, this tiny virus has reminded us of the intricate interdependencies of our ecosystem, and the importance of sustainability and biodiversity. Our human activities have accelerated changes in our environment. We must work together to safeguard this fragile ecosystem for our future generations, and take climate change seriously.
- C7. In short, these three changes – the changing competitive landscape, rising inequalities, and importance of sustainability – are all mega-shifts, that will continue to reshape the world. To stay on top of these changes, we must bring all stakeholders together swiftly to respond to and seize the diverse opportunities.
- C8. So while last year's Budgets were tilted towards emergency support in a broad-based way, this year's Budget will focus on accelerating structural adaptations. In the face of major changes, we must move from just counter-cyclical fiscal and monetary stabilisation policies, to structural economic policies to equip our businesses and workers with deep and future-ready capabilities.
- C9. Like many countries, we have devoted significant resources to preserve lives and livelihoods in the face of this pandemic. But what will continue to distinguish Singapore are our investments for the future. We will invest in our people – so they can bounce back and be ready for opportunities that arise; and we will invest in our businesses – so they can innovate, build deep capabilities and seize growth opportunities. Singapore must never stop thinking of the future, even as we respond swiftly to meet current needs. This is how we stay exceptional, and staying exceptional is how we survive.
- C10. **Over the next three years, I will allocate \$24 billion to enable our firms and workers to emerge stronger.** The efforts will span several years, but it is crucial that we start today. This builds on the momentum of the transformation push started five years ago, when we launched our Industry Transformation Maps.
- C11. **In this financial year, I will focus on how we can move decisively to build three enablers for this next phase of transformation, to emerge stronger.**
- a. **First, to grow a vibrant business community,** with a strong spirit of innovation and enterprise, deeply connected with Asia and the world.
 - b. **Second, to catalyse a wide range of capital** to enable businesses to transform and scale.
 - c. **Third, to create opportunities and redesign jobs,** for our people to develop their skills, creativity, and talents. **Ultimately, the purpose, the raison d'être of our economic transformation is to grow opportunities for our people to realise their full potential and aspirations.**

C12. Let me now elaborate on how we will invest in these three key enablers.

Vibrant Business Sector and Ecosystem for Innovation

C13. As a small, open city-state, Singapore has maintained the vibrancy of our society by enabling the global flow of goods, ideas, capital and people through our shores.

C14. COVID-19 disrupted our physical connectivity but accelerated the rise of the virtual and knowledge economy.

C15. **To emerge stronger, we must deepen Singapore's position as a Global-Asia node.**

- a. **We will restore our physical connectivity and transform our aviation sector for recovery.**
- b. **We will also expand our digital connectivity and deepen our capacity to collaborate and innovate with partners around the world.**

Positioning our Aviation Sector for Recovery

C16. Travel and connectivity have taken a severe hit due to COVID-19, and recovery may be prolonged.

- a. In particular, COVID-19 has reshuffled the global web of connectivity, and changed the aviation landscape.
- b. Airports will be differentiated by their capabilities in securing public health and enabling safe travel. They will need digitalised systems and the ability to effectively re-route people and goods.

C17. To secure our position as a key aviation hub and maintain Changi's position as a safe, trusted, and well-connected airport for travellers and employees alike, we will restore Changi's connectivity and invest in on-arrival testing and biosafety systems.

- a. This includes the Notarise and Verify system being developed by GovTech through public-private partnerships. For instance, GovTech is working with local startup Affinidi, on a software that can quickly verify the authenticity of digital COVID-19 test result certificates and vaccination records. (See Annex C-4.)

Creating Platforms for Nurturing Creative Ideas

C18. Beyond physical connectivity, the post-COVID-19 economy will see two key shifts:

- a. First, a shift from physical to digital modes of transactions across geographical borders.
- b. Second, a shift from tangible to intangible assets in value creation. Such intangible assets include the knowledge, networks and data that businesses can use to create new technologies and innovations.

C19. To remain competitive, businesses will need to innovate and collaborate on a global scale.

C20. To support our businesses, I will invest in three key platforms.

- a. The first platform is the Corporate Venture Launchpad, which will be piloted this year to drive new innovative ventures. This Launchpad will provide co-funding for corporates to build new ventures through pre-qualified venture studios. This is especially useful for larger businesses which want to rekindle a startup mindset within their organisations.
- b. One such venture studio which I visited recently is BCG Digital Ventures. They collaborated with Olam, a Singapore food and agricultural multinational to build Jiva, a farmer services platform. This platform will help farmers in developing countries to increase crop yield, access credit, and connect directly to buyers. This venture helps meet the rising global food demand, while uplifting the income of farmers. (See Annex C-4.)
- c. The second platform is the Open Innovation Platform, or OIP.
 - i. The OIP facilitates the matching of problems faced by companies and public agencies, with solution providers, and co-funds prototyping and deployment.
 - ii. For example, through the platform, the Building and Construction Authority, was matched with three solution providers, TraceSafe, TagBox and Nervotec, to develop solutions for safe re-opening of worksites. The firms developed real-time systems that helped construction site owners conduct contact tracing and health monitoring of their workers.
 - iii. I will enhance the OIP with new features such as a cloud-based Digital Bench for accelerated virtual prototyping and testing. (See Annex C-1.)
- d. The third platform I will enhance is the Global Innovation Alliance, or GIA.
 - i. The GIA serves to catalyse cross-border collaboration between Singapore and major innovation hubs globally.
 - ii. Since its inception in 2017, over 650 students and about 780 Singapore businesses have taken part in innovation launchpads overseas. 40% of these were in Southeast Asia.
 - iii. Last year, despite the pandemic, there were over 100 potential business matches between Indonesian and Singapore-based companies.
 - iv. WaveScan, a Singapore startup specialising in sensor technology, tapped on GIA and formed a partnership with A.L.I. Technologies, a company in Japan specialising in unmanned miniature aircrafts. WaveScan also attracted

investments from Leave a Nest, a GIA operating partner in Tokyo. (See Annex C-4.)

- v. The GIA network currently has 15 city links, including four Southeast Asian cities – Bangkok, Ho Chi Minh City, Jakarta, and Manila. I will expand it to more than 25 cities around the globe over the next five years.
- vi. The GIA will also be enhanced through the inclusion of the Co-Innovation Programme. The Programme will support up to 70% of qualifying costs for cross-border innovation and partnership projects.
 - 1. In 2019, 31 Singapore companies were supported for projects with enterprises from 11 partner countries.
 - 2. One of them, Xnergy, is a local deep-tech startup with expertise in contactless charging. Through the Co-Innovation Programme, Xnergy partnered with Balyo, a French multinational, to co-develop contactless charging systems for forklifts. (See Annex C-4.)

C21. As businesses innovate, they will create intellectual property and intangible assets, or IP and IA. They will need to identify and protect, value and manage, and commercialise these. To support businesses in commercialising the fruits of their innovation, we are developing the Singapore Intellectual Property Strategy 2030. This will include equipping businesses with tools to value their IP and IA, and training skilled professionals in these fields. The Intellectual Property Office of Singapore will announce the details on World IP Day in April.

Deepening our Global and Southeast Asia Partnerships

C22. Strong connectivity enables our businesses to plug into global and regional supply chains and industry clusters, and deepen our innovation partnerships.

C23. We are stepping this up with ASEAN nations.

- a. The ASEAN nations had a GDP of US\$3.2 trillion collectively in 2019, making it the world's fifth largest economy. The ASEAN region also became China's largest trading partner in 2020. There is significant growth potential in this region, with favourable demographics for the next two decades.
- b. Last December, ESG, IMDA and EDB launched the inaugural Southeast Asia Open Innovation Challenge which saw participation from Indonesian, Malaysian, Thai, and Vietnamese corporates.
- c. To add on to these efforts, the Singapore Business Federation will be officially opening two new overseas offices soon – one in Jakarta and one in Ho Chi Minh City.
- d. We have also launched cross-border projects through ASEAN platforms. One such project is the YCH Vinh Phuc Inland Container Depot Logistics Centre that was

launched last November. This is a joint landmark SuperPort project between Singapore-based YCH Group and T&T Group, a Vietnamese conglomerate.

- C24. To promote the integration of ASEAN markets, we are pursuing common frameworks in emerging areas. For instance, ASEAN nations have developed the ASEAN Payment Policy Framework to encourage retail payment linkages between ASEAN countries.
- C25. We will continue to work closely with our ASEAN members, to enhance digital connectivity and cybersecurity, and to get ready for the Fourth Industrial Revolution, building on initiatives such as the ASEAN Smart Cities Network.
- C26. We will also continue to enhance our infrastructure investments in the region.
- a. The Kendal Industrial Park was a joint investment between Singapore's Sembcorp and Indonesia's PT Jababeka to build up activities in food processing, building materials, and medical equipment manufacturing, amongst other sectors.
 - b. In my Statement in October last year, I also announced our intent to enhance cooperation with our most immediate neighbours, through Iskandar Malaysia in Johor, and the islands of Batam, Bintan, and Karimun in the Riau Islands.
 - c. One of the goals is to build up a cluster of industries around the electronics, medtech, food manufacturing and processing sectors, as these see rising demand in ASEAN nations.
 - d. The recently launched Southeast Asia Manufacturing Alliance will support these efforts. It serves to promote a network of industrial parks to manufacturers interested to invest in both Singapore and the region, and connect local firms with these manufacturers.
 - e. On the digital front, we are working with our Indonesian partners to build the Nongsa Digital Park to facilitate collaboration between Singaporean companies and tech talent in Indonesia.
 - f. As Singapore, Malaysia and Indonesia grow together, benefits will also be reaped by the wider Southeast Asia region.
- C27. To summarise, the first enabler is to grow a vibrant business community, with a strong spirit of innovation and enterprise, deeply connected with the ASEAN region, Asia and the world.

Suite of Capital Tools to Co-Fund Transformation

- C28. **The second enabler is to catalyse a wide range of capital to co-fund and enable businesses, from startups to small, medium, and large enterprises, to innovate, transform, and scale.**

C29. Businesses have had to preserve cash flows during these uncertain times. Yet, it is precisely during these extraordinary times, that those that are ready to seize new opportunities will emerge stronger.

C30. To catalyse the flow of capital and bridge market gaps, the Government will step up risk-sharing arrangements with providers of capital, and provide grants, to support businesses at various stages of growth.

Venture Debt for High-Growth Enterprises

C31. First, for high-growth enterprises, including startups.

C32. I will ensure that they continue to have access to financial capital, by extending and enhancing the Enterprise Financing Scheme - Venture Debt programme.

- a. From 2016 to 2019, we have seen an annualised growth rate of 44% in the amount of early-stage funds raised for promising enterprises.
- b. Our ecosystem of budding entrepreneurs and venture funds is growing.
- c. As part of the Venture Debt programme, the Government shares up to 70% of the risk on eligible loans with Participating Financial Institutions.
- d. I will continue to support this programme, and increase the cap on loan quantum supported, from \$5 million to \$8 million.
- e. With this, we expect about \$45 million of venture debt to be catalysed over the next year.

Co-Funding Transformation of Mature Enterprises

C33. Second, more mature enterprises, from micro and small, to medium and large enterprises, should also invest in new and emerging technologies to sharpen their competitiveness.

C34. To encourage them to do so, the Government will co-fund their adoption of digital solutions and new technologies.

- a. The new Emerging Technology Programme will co-fund the costs of trials and adoption of frontier technologies like 5G, artificial intelligence and trust technologies. This will support commercialisation of innovations and diffusion of technology downstream.
- b. To help firms to identify and adopt digital solutions, the Chief Technology Officer, or CTO-as-a-Service initiative will provide access to professional IT consultancies.
- c. The new Digital Leaders Programme will also support promising firms in hiring a core digital team and in developing and implementing digital transformation roadmaps.

- d. Beyond these new initiatives, I will also extend the enhanced support levels of up to 80% for existing enterprise schemes such as the Scale-up SG programme, Productivity Solutions Grant, Market Readiness Assistance Grant, and Enterprise Development Grant, to end-March 2022.
 - e. Including these enhancements, I am setting aside \$1 billion for these schemes. (See Annex C-1.)
- C35. In the coming years, a critical part of business transformation will be in job redesign. With technological advances, many tasks that are physically demanding or repetitive can be better done by machines. With an ageing workforce, we must leverage technology to develop senior-friendly workplaces.
- a. An example is a household name, Tim Ho Wan. Working with NTUC's e2i, it modernised what was previously tedious manual ordering, tabulation and reporting, saving 20-30% in man-hours. To ensure productivity gains are shared with employees, e2i also negotiated with the company to increase the salary of the impacted older staff. (See Annex C-4.)
 - b. To support businesses in redesigning jobs, I will enhance the Productivity Solutions Grant – Job Redesign, by raising the Government co-funding ratio from 70% to 80%, till end-March 2022.

Equity Investments in Large Local Enterprises

- C36. To support the growth of local companies, the Government has partnered equity firms to provide growth capital for companies to transform and scale.
- a. Thus far, we have largely focused our efforts on small and medium enterprises, or SMEs, with annual revenues of up to \$100 million. Companies of this scale traditionally lack attention from private equity players, while larger enterprises tend to have the means to raise capital.
 - b. However, changes in the global economic landscape and financial markets have made it harder for our large local enterprises, or LLEs to attract private equity. This may mean missed opportunities for companies with strong fundamentals to plug into new areas, as supply chains are reconfigured.
- C37. Our LLEs have good fundamentals. Over the years, many have expanded overseas, projecting the Singapore brand as a trusted and reliable partner.
- C38. To ensure growth capital is available for LLEs that are ready to transform or expand overseas on a larger scale, I will complement existing grants and loans, and support them through equity investments, tapping on market players to ensure commercial discipline.
- a. I will set aside \$500 million to be co-invested with Temasek in a Local Enterprises Funding Platform, to be managed commercially.

- i. Temasek will match the Government's funds on a one-for-one basis, so the platform will have \$1 billion available for its investments.
- ii. The platform will invest in non-control equity and mezzanine debt of selected LLEs, which are willing to work with the fund manager to pursue their next phases of growth.
- iii. Temasek will bring its strong commercial discipline to this partnership.
- iv. The Ministry of Trade and Industry will provide more details on the Fund later.

Transformation of Value Chains – Growth and Transformation Scheme

- C39. I have touched on our support for companies – from high-growth to more mature enterprises, from SMEs to Large Local Enterprises.
- C40. The company is the basic economic unit. **Each company's transformation is necessary. But we can reap the full benefits of transformation, when we transform the entire value chain.**
- C41. So for the next phase of our industry transformation, I will focus on the transformation of entire value chains – where each player in the chain works together to integrate and digitalise processes, and upskill their workers. We will build on the Alliances for Action, and begin with a few alliances first. We will start with the Built Environment sector, where I will launch the Growth and Transformation Scheme, or GTS.
- C42. Since the launch of the Construction Industry Transformation Map in 2017, the Government has made a big push to drive transformation in the Built Environment sector. Firms have adopted new ways of doing things, such as Design for Manufacturing and Assembly, or DfMA, and Building Information Modelling. Adoption for DfMA technologies has doubled from 19% in 2017 to 39% in 2020. But it can be much better.
- C43. This sector has just experienced an existential threat last year, and is recovering. Developers, consultants and contractors now realise the urgency to radically improve productivity and reduce the reliance on labour-intensive methods.
- C44. The GTS for the Built Environment sector will require developers to work closely with their consultants, contractors and suppliers to level up as an ecosystem or value chain. Working together to transform and innovate, the alliance members can achieve more than what each alone can do.
- C45. So, while we continue support the sector's recovery, we will tilt our support to enable it to transform decisively. Our resolve in achieving transformation of the industry, and in fact of all industries, is clear and unwavering.
- C46. The Minister for National Development will elaborate on this at the COS.

Skilled Human Capital and Talent

- C47. I have touched on the first two enablers in our next phase of transformation – to grow a vibrant and connected business sector with a strong spirit of enterprise, and to catalyse a suite of capital tools. Let me now focus on the third enabler – to develop the skills, talents, and creativity of our people.
- C48. **Enabling our people to have access to good jobs and job opportunities is the purpose, for developing a strong economy. A vibrant economy creates the jobs and opportunities for our people to be at their best.**
- C49. The employment landscape is undergoing fundamental changes, and COVID-19 will accelerate these changes.
- a. A digital, innovation-driven economy means that businesses will need highly-skilled workers and deep talent. Our people will need to have both broader and deeper skills and creativity.
 - b. The workplace is changing. COVID-19 has forced us to work from home and adopt new ways of collaborating with others.
 - i. A Mercer survey last year showed that over 90% of employers globally saw similar or higher productivity despite employees working remotely. Over 80% of firms intend to implement more flexible working policies. These are global trends that our people will have to adapt to.
 - ii. ‘Working from Home’ is just a short step to ‘Working from Anywhere’. Yes, anywhere in the world – as long as you have a computer and an internet connection. Singaporeans may find more opportunities as the best firms source globally, but will also face stiffer competition from talents who may not even step foot in Singapore.
- C50. But Singaporeans should not be fearful. There are many strengths in Singapore that will enable us to create good jobs here. But to access these, we have to learn and adapt.
- a. I met Mr Edmund Tang last September, when he was at the e2i Trade and Connectivity Career Fair looking for a job. He had been working on autonomous vehicles but decided to explore if his skills could be better deployed. An e2i career coach matched him with a job opening. Today, he is a Senior Business Development Manager in the Advanced Remanufacturing and Technology Centre, an A*STAR Research Institute. In his new role, he is able to build on his experience to develop new skills in a new area. (See Annex C-4.)

SGUnited Jobs and Skills Package

- C51. **The SGUnited Jobs and Skills Package is a key pillar in our industry transformation, to enable Singaporeans to learn and thrive, as our jobs and workplace change, and as businesses transform.**
- a. It was first launched last year, to tackle the anticipated labour market fallout from COVID-19.

- b. As of end last year, we have placed nearly 76,000 individuals into jobs, traineeships, attachments, and skills training. Under the Jobs Growth Incentive, or JGI, an estimated 110,000 local jobseekers were collectively hired within two months from the implementation of the scheme.
 - c. Looking ahead, as companies and industries transform, and new growth areas emerge, our people will need to have the skills and agility to move. To emerge stronger, our people will need new knowledge and skills.
 - d. To enable our people to take on these new jobs, I will allocate an additional \$5.4 billion to a second tranche of the Jobs and Skills Package, on top of the \$3 billion allocated last year.
 - e. Of this, \$5.2 billion will be allocated to JGI, to extend the hiring window by seven months, up to end-September 2021.
 - i. Companies hiring eligible locals will be given up to 12 months of wage support from the month of hire.
 - ii. However, those hiring mature workers, persons with disabilities, and ex-offenders will be given more support – up to 18 months of enhanced wage support. (See Annex C-2.)
 - f. For workers who require additional support before landing a job, we will also extend the support for the SGUnited Skills, SGUnited Traineeships, and the SGUnited Mid-Career Pathways Programmes. (See Annex C-2.)
- C52. Through the next phase of the SGUnited Jobs and Skills Package, we have set aside the budget to support the hiring of 200,000 locals this year through the JGI, and provide up to 35,000 traineeship and training opportunities to continue to support jobseekers in upskilling and accessing employment opportunities.

Innovation & Enterprise Fellowship Programme

- C53. As we head into a more technologically-intensive and innovation-driven economy, we must also groom leaders in innovation and enterprise, especially in deep technology areas.
- C54. The NRF will be supporting about 500 Fellowships under the new Innovation and Enterprise Fellowship Programme, or IFP, over the next five years, to meet needs in areas such as cybersecurity, artificial intelligence and health tech. It will work with a range of partners, including accelerators, venture capital firms and deep tech startups.
- a. The first partner, SGInnovate, recently launched PowerX Robotics, the first programme under IFP, to develop local talent for the fast-growing robotics and automation sector. Trainees undergo a nine-month programme to learn and apply robotics-related skills on real-world projects, and are thereafter placed with their respective host companies to drive innovation.

- b. The inaugural programme has 10 trainees in six host companies. One of the trainees, Mr Cheng Yi Chiao, previously worked in various MNCs and startups overseas. He returned to Singapore and was emplaced in an agri-tech startup, Polybee. Working together with Polybee's team, Mr Cheng has learnt in a very short time how automation of pollination with micro drones works. These efforts are in line with the enhancement of food security in Singapore with deep tech (See Annex C-4.)
- c. The host companies have welcomed this initiative to build up tech talent in Singapore.

Enhancing the Salaries of Healthcare Workers

C55. Next, I will touch on the healthcare sector.

C56. Our healthcare workers have, over the years, been working hard to provide us with the highest quality of care. Since COVID-19 hit, their exemplary commitment has shone through. Once again, let me express our deepest appreciation to all healthcare workers for your dedication in fighting the pandemic.

C57. Beyond the pandemic, the healthcare sector is set to grow, as our people age. This sector provides many good skilled jobs that are noble, meaningful, and make a difference to Singaporeans.

C58. **We will enhance the salaries of our nurses and other healthcare workers** such as support care staff. This will apply to workers across public healthcare institutions, and publicly-funded community hospitals and long-term care service providers.

- a. The Minister for Health will announce the details at the COS.

Managing the Local-Foreign Worker Mix Alongside Industry Transformation

C59. I will now turn to manpower issues.

C60. Some Singaporeans are concerned about our reliance on, and competition from, foreign manpower. At the same time, many businesses and trade associations have said that it is difficult to hire locals, and asked for us not to tighten foreign worker quotas further, to remain globally competitive.

C61. **The way forward is neither to have few or no foreign workers, nor to have a big inflow. We have to accept what this little island can accommodate. To strike a balance, we must focus on enhancing the complementarity of local and foreign manpower, and step up on industry transformation.** In line with this, I will support the employment of Singaporeans while we deepen their capabilities and promote capability transfer, while moderating our reliance on foreign labour where we must.

C62. I will provide further help to support wage increments for companies to retain or draw in locals by extending the Wage Credit Scheme for a year, at a co-funding level of 15%.

I urge employers to make use of this and other schemes to redesign jobs and upskill their local staff.

- C63. For sectors, especially those in new growth areas, where we may be short of skills, we welcome expatriates with the right expertise to complement Singaporeans, and help us build capabilities. This will allow us to add vibrancy to our local market, better serve international and regional markets, and enhance Singapore's attractiveness to global investors.
- a. The Capability Transfer Programme, or CTP, is one of many programmes that supports such foreign-to-local skills transfer. As of end-2020, more than 140 companies, and over 970 locals have benefitted or are expected to benefit from 40 projects.
 - b. I will extend the CTP up to end-September 2024.
 - c. One Singaporean who has benefited from the CTP is Mr Mohamad Zaini Bin Selamat. He is a Technical Officer at SP Group who learnt skills from foreign experts in network support for the rollout of advanced electricity meters. He is now performing higher-value work such as fault isolation and data analysis, and supervising junior colleagues. (See Annex C-4.)
- C64. To complement our local workforce, we also have the S Pass for companies to hire workers with the technical expertise. I had indicated at the Unity Budget in February 2020, that the Manufacturing S Pass Sub-Dependency Ratio Ceiling, or sub-DRC, would be cut when conditions allow.
- a. Manufacturing is a significant pillar of our economy.
 - b. To achieve our vision of being a global advanced manufacturing hub, firms must make it a priority to develop a strong, highly-skilled local core in their workforce.
 - c. At the same time, we cannot do without foreign workers, especially those with deep skills. But we should moderate further our reliance on them, and focus on creating good jobs for locals.
 - d. Therefore, we will reduce the sub-DRC for Manufacturing in two steps, to 18% from 1 January 2022, and to 15% from 1 January 2023. (See Annex C-3.)
 - e. This is in line with the tightening already underway in other sectors such as the Services, Construction, and Marine Shipyard and Process sectors.
 - f. The move has been carefully calibrated, so that firms have one year to adjust, before changes are implemented.
- C65. We will continue to review our S Pass framework, including the qualifying salary and levies, to ensure we maintain complementarity between the local and foreign workforces.

D. STRENGTHENING OUR SOCIAL COMPACT

- D1. I have touched on how we plan to emerge stronger as a workforce and as an economy.
- D2. Beyond economic opportunities, what is fundamental is our sense of purpose and our sense of togetherness. Since our independence, we have been seeking to build a fair, just, and caring society. We have been building strong bonds as a people, and deepening our social compact.
- D3. In this pandemic, we have seen how Singaporeans united in adversity and supported one another.
 - a. Social cohesion does not happen naturally. Even before COVID-19, many societies were facing sharp divisions due to widening inequalities, increasing diversity of interests and voices, and growing distrust. The pandemic has deepened the cracks in many societies.
 - b. Singapore is not immune to these challenges. We must continue to strengthen our social fabric, and reject forces of division and discord.
- D4. Over the years, the Government has been investing significantly in three key areas:
 - a. We subsidise healthcare heavily, to ensure that every Singaporean has access to affordable and quality healthcare.
 - b. We invest in education to ensure that every Singaporean has access to opportunities to maximise their potential, regardless of their starting point in life.
 - c. We promote home ownership, with significant subsidies for public housing. Home ownership enables Singaporeans to share in the nation's growth, while ensuring a roof over their heads even in times of uncertainty like this.

Emerging Stronger as a Society

- D5. Strengthening our social compact will always be a work-in-progress. As we recover from this crisis of a generation, let us strive to emerge stronger as a society.
- D6. In June last year, we launched the Emerging Stronger Conversations in the midst of the pandemic. I thank the 17,000 individuals who participated and shared their views.
 - a. I am glad that many expressed their wish for a fair, equal, and caring society, with more support for vulnerable groups, such as lower-wage workers and persons with disabilities.
 - b. Last June, I also announced that we would form Singapore Together Alliances for Action, or AfAs. These will become a key approach to forging partnerships and cross-sector collaborations to pursue new growth areas, and to tackle complex

issues, including those that have come up through the Emerging Stronger Conversations.

- c. Within eight months, 15 AfAs have been formed or announced, alongside other existing partnerships and collaborations.
- d. Going forward, **the National Council of Social Service and SG Enable will also form an AfA on support for caregivers of persons with disabilities.** This AfA will build on the good work of our community partners and individuals, and harness their resources and creativity to co-create solutions to improve support for caregivers.
- e. The Minister for Social and Family Development will announce details at the COS.
- f. We expect more AfAs to be announced in the months ahead.

Short-Term Relief

- D7. In the five Budgets last year, we brought immediate relief and support for families and workers, looking out especially for those who were more badly affected.
- a. For families, we provided the Care and Support Package and the Solidarity Payment, which benefited all Singaporeans regardless of income or housing type, with more for the less well-off.
 - b. For workers, we implemented the COVID-19 Support Grant, the Self-Employed Person Income Relief Scheme, and the Temporary Relief Fund.
 - c. For the vulnerable groups, we disbursed the Workfare Special Payment to lower-income workers. Grocery Vouchers and additional GST Voucher – U-Save provided further support for lower-income families.
- D8. As the economic situation remains uncertain, I will introduce a Household Support Package, to provide additional support to families.
- a. First, for lower- and middle-income households. **All Singaporeans who are eligible for GST Voucher – Cash will receive an additional one-off GST Voucher – Cash Special Payment of \$200.** This is on top of the regular GST Voucher – Cash payment.
 - b. **I will also provide a GST Voucher – U-Save Special Payment to eligible HDB households,** amounting to an additional 50% U-Save rebate over one year. Each household will receive additional utilities rebates of between \$120 and \$200 this year.
 - c. Second, **I will also extend the Service and Conservancy Charges Rebate** for all eligible HDB households for another year.
 - d. Third, for families with Singaporean children below the age of 21, **I will provide an additional top-up of \$200 per child** through the Child Development Account, Edusave Account, or Post-Secondary Education Account, to further support

parents as they invest in their children's future. This will be on top of the annual Edusave top-up for children in primary and secondary schools.

- e. Singaporeans' sense of unity and discipline in observing the precautionary measures such as safe distancing and mask wearing has enabled our progress so far in combating the pandemic. The discipline and understanding of our local merchants and hawkers have also been important. However, they have been quite affected by the safety measures, especially during the Circuit Breaker.
- f. To thank all Singaporeans for their sense of solidarity, and to continue to support our heartland businesses and hawkers, I will partner the Community Development Councils, or CDCs, to **give all Singaporean households \$100 worth of CDC Vouchers per household, to be used at participating heartland shops and hawker centres.**
 - i. I hope that this new tranche of vouchers can bring more business to our hawkers and heartland shops. To resource this, I will provide an additional grant to the CDCs amounting to \$150 million. More details will be announced by the CDCs later.
- g. Altogether, the Household Support Package will cost about \$900 million.
- h. This Household Support Package provides some support to all families, with lower-to middle-income families receiving more. (See Annex D-1.)

Looking Further Ahead

- D9. Our President, at the Opening of Parliament, spoke about the strengthening of our social safety nets. To strengthen our social compact, we must work together to address the challenges faced by the more vulnerable members of our society. The Government will continue to allocate resources in our annual budgets for this.
- D10. Beyond short-term relief, some Singaporeans have been more badly affected by the pandemic. I will highlight three groups that need more support:
 - a. The first group are workers who are earning low wages or facing more challenges with employment.
 - b. The second group are lower-income families.
 - c. The third group are our children with special needs.
- D11. Let me first touch on the first group – workers who need more support – starting with our lower-wage workers.
 - a. Today, we adopt a multi-pronged approach in supporting them.
 - i. This includes the enhanced Workfare Income Supplement scheme, Workfare Skills Support scheme, the Progressive Wage Model, and Workcare.

- b. In October last year, the Tripartite Workgroup on Lower-Wage Workers was formed to explore ways to uplift the wages and prospects of our lower-wage workers.
 - i. The Government's aspiration is for every sector of the economy to have some form of Progressive Wages. The Tripartite Workgroup is making good progress. The Ministry of Manpower will provide details on the approach for expansion later.
- D12. Next, our older workers may also need more support. The Government has been exploring ways to enable older workers to continue working if they want to.
- a. PM announced at the National Day Rally in 2019 that we will raise the Retirement Age and Re-employment Age to 63 and 68 respectively in 2022, with the Government and the Labour Movement effecting this a year earlier in 2021.
 - b. To help businesses adjust, I introduced the Senior Worker Support Package in the Unity Budget last February.
 - c. I am happy that the take-up rate for the Senior Worker Early Adopter Grant and Part-Time Re-employment Grant, two key components of the Senior Worker Support Package, have exceeded expectations.
 - i. I thank our businesses for supporting your employees who wish to work longer.
 - d. To support more companies to move earlier to raise their retirement and re-employment ages, **I will increase the budget allocation for the Senior Worker Early Adopter Grant and the Part-Time Re-employment Grant by over \$200 million.** The Ministry of Manpower will provide more details.
- D13. Another segment of workers who may face greater challenges in securing or retaining jobs, are persons with disabilities, or PwDs.
- a. To encourage employment and training of PwDs, MSF announced two weeks ago, the creation of 1,200 new job and training opportunities for PwDs.
 - b. This builds on the various initiatives to boost employment for PwDs, such as the Open Door Programme, and the Enabling Employment Credit.
- D14. I have touched on the segments of the workers who need more support. The second group of Singaporeans who have been badly affected by the pandemic are our lower-income families.
- a. MSF has been working to strengthen social service delivery and provide holistic support for our lower-income families.
 - b. Community Link, or ComLink, is one such initiative.

- i. Introduced in 2019, ComLink has become one of MSF's key initiatives to help families with children who are staying in rental housing.
 - ii. ComLink seeks to provide holistic support to low-income families. By mobilising community assets and galvanising local volunteering efforts, ComLink provides families with the tools and support to do better.
 - iii. MSF also ensures that ComLink is coordinated with other initiatives such as UPLIFT and KidSTART, to provide families with seamless, holistic support.
 - c. MSF has made good progress. Since implementation, MSF is supporting about 1,000 families.
 - d. Madam Soo Bee Keow and her children are one of those who have benefitted from ComLink. Through this initiative, Madam Soo's family is able to benefit from a range of additional support, from grocery vouchers to back-to-school items which help to offset living expenses, to enrichment programmes for her children such as the kidsREAD programme. (See Annex C-4.)
 - e. To provide holistic support to more families, I will provide resources for MSF to **expand ComLink significantly** – to a nationwide programme to eventually cover 14,000 families with children, over the next two years.
 - f. The Minister for Social and Family Development will provide details at the COS.
- D15. Besides vulnerable workers and low-income families, the third group we need to pay special attention to is our children with special needs.
- a. Over the years, we have enhanced our support for students with special needs, within MOE schools and in Government-funded special education schools.
 - i. Children under seven with developmental needs can benefit from a differentiated approach to help them learn better.
 - ii. Building on these, **we will look into piloting an Inclusive Support Programme**. This pilot integrates the provision of early intervention and early childhood services for children who require up to medium levels of early intervention support. Many of these children are already attending preschools, and this programme will allow them to be more meaningfully engaged alongside other children. We believe this will benefit all children and help them develop social skills and social inclusion.
- D16. Ensuring equal opportunities for all, and supporting the needy and vulnerable segments of our society are integral to strengthening our social compact.
- a. We will continue to identify and target groups who may need further support, including emerging groups of workers in more vulnerable areas.

- b. For self-employed persons, we will continue to study ways to enhance their job security and strengthen their retirement adequacy. The Government is working with our unions and various agencies on these efforts, including outreach to more self-employed persons.
- c. The COVID-19 crisis has increased a sense of vulnerability among our workers. The Government will continue to explore how we can better support our workers to meet the challenges arising from accelerated changes in the economic landscape.

Emerging Stronger as a Community

D17. Next, let me talk about how we will emerge stronger as a community. (See Annex D-2.)

D18. COVID-19 has affected our people in different ways, both tangible and intangible.

- a. While safe distancing measures, especially during our Circuit Breaker, have enabled us to keep the virus from spreading, they have also caused feelings of loneliness and isolation in some groups.

D19. Our community partners, charities, and Social Service Agencies have stepped up their support well, and the Government will continue to work closely with them.

D20. However, this sector is facing new challenges.

- a. Donations to certain platforms, such as Giving.sg, and for specific causes like COVID-19, have risen.
- b. But donations to many charities in general, and income streams for their recurrent programmes, have fallen.
- c. Some charities even had to dip into their reserves to keep operations going.
- d. This affects the help that goes to those who need it.
- e. I encourage individuals and corporates to do more for our charity sector if you can.

D21. The Government has been playing its part.

- a. We have a multi-pronged approach to encourage charitable giving. This includes tax incentives for donations made to Institutions of a Public Character or IPCs, and Government grants that match donations raised.
- b. As it stands, the current level of 250% tax deduction on donations to IPCs in Singapore is high, compared to other jurisdictions. However, this is set to lapse at the end of 2021.

- c. To encourage Singaporeans to give back to the community, and to provide strong support for the charity sector in this time of crisis, **I will extend the 250% tax deduction for donations to IPCs for another two years**, until the end of 2023.
- d. **I will also extend the additional government support for Tote Board's Enhanced Fund-Raising Programme by one year.** Charities can apply to receive dollar-for-dollar matching on eligible donations, which are raised from projects in FY2021, up to a cap of \$250,000 per applicant. This includes donations raised through approved digital platforms.
- e. I hope the additional support will help tide our charities over the crisis, to enable them to do their good work to support the vulnerable in our community.
- f. In particular, Community Chest, or ComChest, plays a critical role in raising funds for many Social Service Agencies, including for programmes that uplift lower-income families, such as KidSTART. To encourage more giving during these challenging times, I will support ComChest in two areas:
 - i. First, **I will extend ComChest's SHARE as One matching period to FY2023.** The SHARE as One scheme provides dollar-for-dollar matching for new and additional donations through the SHARE programme, which enables corporates, employees and individuals to commit to regular giving.
 - ii. Second, **I will set aside \$20 million for a new Change for Charity Grant.** There is potential for businesses to do more to facilitate spontaneous acts of daily giving, for example, by encouraging their customers to make donations at the point of transaction. The Grant will match ComChest donations raised through this new initiative. The grant also co-funds one-off development costs needed to integrate or enhance donation functions onto businesses' payment platforms.
 - iii. The Minister for Social and Family Development will share details at the COS.

D22. Besides philanthropy, we also seek to encourage volunteerism.

- a. Businesses can play an important role in kickstarting their employees' volunteering journey.
- b. Singtel is an example of a strong corporate advocate for employee volunteerism. From supporting children and youth with special needs, to enabling digital inclusion for the older generation, Singtel volunteers have been actively engaging the community they serve. This year, Singtel employees have been volunteering at Senior Activity Centres, to teach seniors how to use smart phones and equip them with basic digital skills to stay in touch with loved ones online and make cashless payments. (See Annex C-4.)

- c. To encourage more corporate volunteerism, **I will extend the Business and IPC Partnership Scheme for another two years**, until the end of 2023.
 - d. I encourage our corporates to partner our IPCs. Together, we can make a bigger impact to meet the diverse needs of our community.
- D23. Despite the stresses that Singaporeans face in this period, we continue to hear many heart-warming stories of our people stepping up to make a difference.
- a. I recently met a group of Singaporeans who came together in the early days of the pandemic to set up N-Lab, a surgical mask manufacturing facility in Singapore. The core group served NS together. They put in close to \$1 million of their own capital to design and manufacture masks, and donated many masks to the community. This is a good example of SG Together – where we come together to make a difference. And also a testament to the enduring value of NS! (See Annex C-4.)
 - b. I hope these acts of kindness will inspire more people to come forward.
 - c. Apart from national level efforts, efforts by the community – voluntary organisations, corporate partners and individuals, enable us to meet the diverse needs of different groups who need support, especially at the ‘last-mile’.
 - d. To provide greater support for bottom-up, innovative initiatives which address the needs of the community, the Government will provide three dollars for every dollar raised, for the **CDCs’ Care and Innovation Fund**. I will set aside \$50m for this matching grant.
 - e. The CDCs will share more details later.

E. BUILDING A SUSTAINABLE HOME FOR ALL

- E1. I will now turn to how we embrace sustainability and build a sustainable home for generations to come.
- E2. The COVID-19 pandemic reminds us that a pandemic can be an existential threat for humanity. Another existential threat is climate change.
 - a. Unlike COVID-19, which was a sudden and sharp shock, climate change is a gradual and intensifying risk, year after year.
 - b. It can result in extreme weather patterns, which threaten the world's food and water supply, disrupt global supply chains, diminish biodiversity, and upset ecological systems.
- E3. Tackling climate change needs a global solution. Countries, no matter how big or small, must play their part, and cooperate with one another.
 - a. We will continue to support international and regional efforts towards climate action, and play an active role at the United Nations Framework Convention on Climate Change negotiations.
 - b. Our emissions may be just a small fraction of the world's, but we must do our part.
- E4. Sustainable development is a major priority for Singapore. This is not new to us. Our earlier generations of leaders laid the foundations of long-term planning and sustainable development.
 - a. Mr Lee Kuan Yew emphasised the building of a Garden City in our early years, and transformed Singapore from a polluted backwater with mucky rivers in 1965, to one of the cleanest and greenest cities in the world today.
 - b. And we have continued to devote resources towards our environment. Over recent Budgets, the Government has put together plans to tackle climate change and translated them into action.
 - i. To improve air quality, we restructured diesel tax in 2017 and 2019.
 - ii. We introduced a carbon tax, and passed the milestone Resource Sustainability Act in 2019, to encourage enterprises to reduce their greenhouse gas emissions and work towards becoming a zero-waste nation.
 - iii. And in 2020, we enhanced our Nationally Determined Contribution, a commitment to further limit our emissions as part of the Paris Agreement. We also announced our Long-Term Low-Emissions Development Strategy, which sets out our plans for mitigating and adapting to climate change till 2050 and beyond.

Singapore Green Plan 2030

- E5. We will build on our strong foundations and run a national movement to build a sustainable Singapore for all generations.
- a. As the Minister for Sustainability and the Environment said in our recent debate on the motion to accelerate and deepen efforts against climate change, sustainability is a journey, not a destination. Our work to achieve sustainable development is never done.
- E6. Last week, we launched the Singapore Green Plan 2030.
- a. This is an ambitious long-term plan that builds on ongoing efforts, to secure a green, liveable, and sustainable home for generations of Singaporeans to come.
- E7. Various government agencies are working in concert. For example:
- a. MND is bringing even more greenery to our island home, and transforming Singapore into a beautiful City in Nature, while building up carbon sinks by extending nature throughout our island.
 - b. MOT is pressing on with our efforts to become a car-lite society by improving public transport, encouraging active mobility, while discouraging pollutive vehicles.
 - c. MOE is strengthening our education on sustainability practices among our young.
 - d. MSE and MTI are leading the push to become more energy- and resource-efficient, develop the green economy and jobs, and invest in urban solutions.
- E8. This is a whole-of-society effort to meet a global challenge. But it is not without constraints and trade-offs.
- a. Costs and benefits of projects will change, as climate cost is factored in and as technology advances. We must continue to stay open and adaptive, and carefully balance our development objectives with sustainability considerations.

Technology

- E9. Technology is one such game changer and will open new possibilities. We harnessed technology to overcome our water and land constraints, and will do the same for climate change.
- a. For example, under the Cities of Tomorrow R&D programme, researchers from A*STAR and HDB led the development of the Integrated Environmental Modeller. This is a tool incorporating wind, solar irradiance, shading, and environmental noise, to forecast how these factors can affect the thermal comfort for residents. It has been used by our urban planners in the planning of Tengah Housing Estate, to maximise thermal comfort for residents. Urban Solutions and Sustainability will

be a focus area under RIE2025, with investments going towards research to help us build a more sustainable and liveable environment.

- b. One promising story of innovation by our entrepreneur is the Aquaculture Centre of Excellence, which has innovated and patented “Eco-Ark” with funding support from the Agriculture Productivity Fund. With advanced aquaculture technologies, Eco-Ark is able to produce 20 times more output than the average in coastal fish farms. This improves our food resilience, as part of the 30-by-30 goal. (See Annex C-4.)
- c. To continue supporting technology adoption in the agri-food sector, **I will set aside \$60 million for a new Agri-Food Cluster Transformation Fund**. This will replace the Agriculture Productivity Fund. The Minister for Sustainability and the Environment will elaborate at the COS.

Transportation

E10. Technology is also changing the future of transport. While we are going car-lite, we can further reduce emissions by switching to cleaner-energy vehicles.

- a. Electric Vehicles, or EVs, is the most promising clean-energy vehicle technology today.
- b. Last year, I announced the expansion of Singapore’s public charging infrastructure for EVs.
- c. We will accelerate the development of our charging infrastructure to better support the growth of EVs in the next decade. We aim to deploy 60,000 charging points at public carparks and private premises by 2030 – more ambitious than our previous target of 28,000.
 - i. To catalyse partnership between the public and private sectors, **I will set aside \$30 million over the next five years for EV-related initiatives**, such as measures to improve charging provision at private premises.
- d. To further encourage the early adoption of electric cars, **we will narrow the cost differential between electric cars and internal combustion engine cars**, or ICE cars.
 - i. I will lower the Additional Registration Fee floor to zero for electric cars, from January 2022 to December 2023. This enables mass-market electric car buyers to maximise the rebates from the EV Early Adoption Incentive.
 - ii. I will also revise the road tax treatment for electric cars, by adjusting the road tax bands so that a mass-market electric car will have road tax comparable to an ICE equivalent.
 - iii. The Minister for Transport will provide details at the COS.

- E11. In tandem, we will further discourage the use of internal combustion engine vehicles.
- a. Singapore has taken steps to reduce vehicular emissions and we have seen positive outcomes.
 - i. In 2017 and 2019, we restructured diesel taxes to shift away from an annual lump-sum tax towards a usage-based tax system.
 - ii. Taxi companies, in particular, have made strides in shifting towards petrol-hybrid and electric taxis, with the proportion of diesel taxis in their fleets halving from 86% in 2015, to 42% in 2020.
 - iii. Usage-based tax has helped shape consumer behaviour towards a more efficient use of fuel, or environmentally-friendly alternatives.
 - b. To build on the momentum, I will **raise petrol duty rates**.
 - i. For premium petrol, the duty will be raised by 15 cents per litre.
 - ii. For intermediate petrol, the duty will be raised by 10 cents per litre.
- E12. These changes will take effect today. **To ease the transition for Singaporeans**, especially for those who rely on their vehicles for their livelihood, I will provide these support:
- a. For motorcycles using petrol:
 - i. I will provide a 60% road tax rebate to all motorcycles for one year.
 - ii. In addition, individual owners of smaller motorcycles up to 400cc will receive \$50 or \$80 in cash, depending on engine capacity.
 - b. For active taxi and Private Hire Car drivers using petrol and petrol-hybrid vehicles, I will provide a Petrol Duty Rebate of \$360, given out over four months. This is in addition to a one-year road tax rebate of 15% to all taxis and passenger cars using petrol.
 - c. For goods vehicles and buses using petrol, I will provide a one-year road tax rebate of 100%.
 - d. For cars using petrol, I will provide a one-year road tax rebate of 15%.
 - e. All road tax rebates will take effect from 1 August 2021.
 - f. The additional Petrol Duty Rebates for motorcycles, taxis, and Private Hire Cars will be introduced by the middle of 2021. More details will be released by LTA in April.
 - g. Taken together, these measures will offset about one year of petrol duty increases for taxis and motorcycles, and about two-thirds for commercial vehicles and cars.

- h. Most of the expected revenue increase from the petrol duty changes in the coming year will be given out through the offsets, estimated to cost \$113 million.
- E13. Climate change is real and urgent. We must act now.
- a. Behavioural changes take time.
 - b. COVID-19 has also given us an opportunity to change work and travel habits as remote and flexible working arrangements become more common. We must lock in these behavioural shifts.
- E14. A car-lite society will continue to be our main goal. Public transport is after all the cleanest and most energy-efficient mode of transport. The Government has been investing heavily in public transportation, and enhancing public transport connectivity. Within this decade, we will be spending more than \$60 billion to expand and renew our rail network.
- E15. Overall, these measures will work towards reshaping our transport footprint, towards cleaner transport.

Green Financing

- E16. Sustainability efforts require capital. Green finance will be an important enabler.
- a. The Government will take the lead by issuing **green bonds on select public infrastructure projects**.
 - i. The issuance will serve as a reference for the Singapore Dollar corporate green bond market, including the standards and framework applied, and yields achieved.
 - ii. As an international financial centre, Singapore can catalyse the flow of capital towards sustainable development, not just in Singapore, but in Asia. MAS has been driving Singapore's Green Finance Action Plan to develop green finance solutions and markets for a sustainable economy.
 - iii. The issuance of green bonds by the Government will build on these efforts by deepening market liquidity for green bonds, attracting green issuers, capital, and investors, and anchoring Singapore as a green finance hub.
 - iv. **We have identified up to \$19 billion of public sector green projects as a start.** One such green project to be financed with green bonds is Tuas Nexus. Tuas Nexus integrates waste and water treatment facilities, and maximises energy and resource recovery in the solid waste and used water treatment processes.

Actions of our People

E17. I have talked about two key enablers of our Singapore Green Plan – technology and capital. A third key enabler is the actions of our people – what you and I do, in our daily lives.

E18. The Government will lead by example.

- a. In fact, we have been doing so under the Public Sector Taking the Lead in Environmental Sustainability initiative.
 - i. Ministries have charted out plans to meet resource targets, such as reducing their electricity and water consumption, and achieving Green Mark standards for our buildings.
 - ii. Some agencies, including the Ministry of National Development, Home Team Academy, and Temasek Polytechnic are switching to low-global warming potential refrigerant chillers, ahead of the mandatory adoption in end-2022. This will reduce 24 kilo-tonnes of carbon dioxide emissions, equivalent to the annual emissions of about 7,400 cars.
- b. The public sector will do more.
 - i. As part of the Singapore Green Plan 2030, the Government will be committing to more ambitious goals under the “**GreenGov.SG**” initiative for the public sector. This gives renewed focus to the public sector’s contribution towards national sustainability goals, and reminds all public officers that sustainability must be at the core of our work.
 - ii. The Minister for Sustainability and the Environment will provide further details on the GreenGov.SG initiatives at the COS.

E19. I also urge businesses and households to play their part in protecting our environment.

- a. In Budget 2018, we announced a carbon tax level of \$5 per tonne of greenhouse gas emissions from 2019 to 2023, to be increased to between \$10 and \$15 per tonne by 2030.
- b. Since then, the effects of climate change have intensified and global momentum to address climate change has accelerated significantly.
- c. Countries’ climate ambitions have increased, with the number of countries with net-zero targets increasing from four at end-2017 to 57 at end-2020, including Singapore.
- d. On Singapore’s part, we enhanced our 2030 Nationally Determined Contribution and submitted our 2050 Long-Term Low-Emissions Development Strategy under the Paris Agreement in March 2020. We are working towards achieving our long-term net-zero aspirations as soon as viable.

- e. This House has also acknowledged that climate change is a global emergency and has called on the government to take stronger climate actions.
 - f. So, we are in a new situation today. As a responsible member of the international community, Singapore will be expected to do more, along with other countries, as climate change issues take on greater gravity.
 - g. We will therefore **review the trajectory and level of the carbon tax**, post-2023, in consultation with industry and expert groups. Up until 2023, the carbon tax level will be maintained at \$5 per tonne of greenhouse gas emissions as previously announced. This will provide businesses with certainty in the current challenging economic climate.
 - h. An appropriate carbon tax level is one of the key levers to spur the reduction of our carbon footprint, promote industry innovation and green growth, while maintaining Singapore's overall economic competitiveness.
 - i. We will announce the outcome of the review at Budget 2022, to give time for businesses to adjust to any revision in the carbon tax trajectory.
- E20. As demand for green products and technologies increase globally, businesses can seize new opportunities for growth.
- a. An example is Durapower, a battery technology and energy storage solutions company that I visited two weeks ago. Durapower is working with NTU as one of their global research partners to develop high-energy density lithium-ion battery cells that are lightweight, and have higher power density for fast charging capabilities in EVs. The batteries by Durapower are used in more than 45 cities in over 20 countries across the world. It is now diversifying into marine and stationary energy storage segments, and further expanding overseas. (See Annex C-4.)
 - b. The Government will support our businesses to seize new opportunities in the green economy. We will be launching the **Enterprise Sustainability Programme**. This will help enterprises, especially SMEs, use resources more efficiently and develop new green products and solutions. MTI will announce more details later.
- E21. Last but not least, I encourage all Singaporeans to play our part. I am glad that our youth have been especially passionate about this cause and want to be part of this effort.
- a. In the spirit of SG Together, the Government will partner Singaporeans and support ground-up projects which aim to build a more sustainable future.
 - b. We have received more than 200 proposals from individuals, grassroots, and businesses for the first SG Eco Fund grant call. These proposals seek to address a wide range of environmental sustainability challenges.
 - c. I welcome all Singaporeans with ideas for sustainable development to step forward and make the difference.

- E22. Ultimately, building a green Singapore will require a whole-of-society effort, and I hope that we can harness the ideas and energies of the public, private, and people sectors. Together, we can build a sustainable home for all.

F. OUR FISCAL STRATEGY

- F1. I have laid out the Government's priorities in the coming years:
- a. First, to continue providing relief in the immediate term.
 - b. Second, to invest strategically for growth and press on with our economic transformation in the medium term.
 - c. Lastly, to lay the groundwork to position Singapore for the long term, and build a caring and sustainable home for all.
- F2. Our fiscal approach must strike a careful balance between addressing our immediate needs and meeting our longer-term structural needs in a responsible manner.
- a. In the immediate term, running a fiscal deficit to support targeted relief is warranted, considering the unprecedented impact of COVID-19.
 - b. In the longer term, COVID-19 has not changed the fundamental drivers of our fiscal trends. With our ageing population and maturing society, our recurrent needs in areas like healthcare and other social spending will continue to rise. We must meet these structural needs in a disciplined and sustainable way.
- F3. Hence, beyond this crisis, we must return to running balanced budgets.
- a. It was fiscal prudence and discipline that allowed us to accumulate our national reserves, which has enabled us to respond decisively to this crisis.
- F4. Let me now explain our strategies to balance between our immediate and long-term needs.

Sustaining Relief in the Immediate Term

- F5. In the last financial year, FY2020, we were expecting to draw up to \$52 billion from Past Reserves. With the effective response of our people and businesses in adapting to the changing situation, we have been able to bring the pandemic largely under control. Hence, our requirements for some areas such as public health turned out to be lower than what was provided for. Of the \$52 billion, we expect to utilise \$42.7 billion of Past Reserves. This means that \$9.3 billion is not expected to be used in FY2020.
- F6. In FY2021, we are committing \$11 billion for the COVID-19 Resilience Package, to tackle the immediate and extraordinary challenges that COVID-19 continues to pose. This package is needed to safeguard public health, and support our people and businesses.
- F7. Given the extraordinary and temporary nature of these measures, **the Government proposes to fund the COVID-19 Resilience Package through a draw on our Past Reserves.**

- a. Putting together the proposed draw of up to \$11 billion in FY2021, and the \$42.7 billion of Past Reserves that we now expect to draw in FY2020, the **total expected draw on Past Reserves over FY2020 and FY2021 will be up to \$53.7 billion**. This is a **net increase of \$1.7 billion** from what we expected to draw from Past Reserves to respond to the crisis.
- b. The President has given her in-principle support for the proposed draw of up to \$11 billion on Past Reserves in FY2021, to continue the provision of public healthcare and relief measures in the coming Financial Year. Once again, I thank the President for her support.
- c. This is the second consecutive Financial Year where we will be drawing on our Past Reserves. This is necessary, given the exceptional circumstances we are in. We are extremely fortunate to be able to tap on our strategic assets and deploy the resources required to deal decisively with COVID-19 and the considerable uncertainties that lie ahead. We should never take our reserves for granted.

Meeting our Longer-Term Needs

Financing our Recurrent Spending Needs with Recurrent Revenue

- F8. In the coming years, our fiscal situation is expected to be tighter.
- F9. Prior to COVID-19, we were already expecting a structural increase in our recurrent spending needs, especially in areas such as healthcare.
 - a. We have tripled our government spending on healthcare within a decade, from \$3.7 billion in FY2010 to \$11.3 billion in FY2019.
 - b. Fellow Singaporeans have often expressed the desire to better care for our seniors, with quality yet affordable health and aged care services. This is possible only if we can muster the resources to do so.
 - c. As our needs grow, we must plan for the resources to fund these, and target the spending in a fair and effective way.
 - d. COVID-19 has also raised economic uncertainties for citizens and workers, which calls for stronger social safety nets to protect those who are disadvantaged or more vulnerable. This will mean higher recurrent spending going forward.
- F10. We have maintained the principle that recurrent expenditure should be funded by recurrent revenue. This ensures that we spend in a responsible way – one that is fair for current and future generations.
- F11. To finance our recurrent spending needs, I first announced in Budget 2018 that we would need to raise the GST rate sometime from 2021 to 2025. As announced in the Unity Budget in February 2020, in view of economic conditions then, the GST rate increase would not take effect in 2021. This remains our plan.

F12. However, we will not be able to put off the increase for too long. **We will have to make the move sometime during 2022 to 2025, and sooner rather than later**, subject to the economic outlook.

- a. Without the GST rate increase, we will not be able to meet our rising recurrent needs, in particular healthcare spending. While we are fortunate to be able to tap on our reserves to respond to the COVID-19 crisis, it is not tenable for the Government to run persistent budget deficits outside periods of crisis.
- b. No finance minister likes to talk about tax increases, certainly not when the pandemic is still raging around the world. But we do this because we plan for the long-term and do not shy away from explaining to fellow citizens why we need to make tough but necessary decisions to ensure that we have enough to provide for our nation's future.

F13. Let me reiterate my commitment to all – that the Government will ensure that our overall taxes and transfers system remains fair and progressive.

- a. GST on publicly-subsidised education and healthcare will continue to be fully absorbed.
- b. And to help cushion the impact when the GST rate is raised, we have set aside \$6 billion for an Assurance Package.
 - i. This will effectively delay the effect of the GST rate increase for the majority of Singaporean households by at least five years.
 - ii. For lower-income Singaporeans, the offset will be even higher, with those living in one- to three-room HDB flats receiving about 10 years' worth of additional GST expenses incurred.
- c. Over and above the transitional support, we already have the permanent GST Voucher scheme to defray GST expenses for lower- and middle-income households.
 - i. This is a permanent feature of our system, and will be enhanced when the GST rate increase takes place.
 - ii. Through this scheme, we are able to provide targeted support for those who need help most.
- d. Based on past collections, foreigners residing in Singapore, tourists and the top 20% of resident households are estimated to account for over 60% of the net GST borne by households and individuals. This is after taking into account the GST Voucher scheme, and GST refunded under the Tourist Refund Scheme for goods bought locally for consumption abroad.
- e. If you consider our entire system of taxes and benefits, it is a progressive one. In 2020, the top 20% of Singaporean households paid 56% of the taxes and received

11% of the benefits; whereas the bottom 20% paid 9% of the taxes and received 27% of the benefits.

Maintaining a Resilient Tax System

F14. At the same time, our tax system must remain resilient to withstand shocks. We are mindful of international tax developments, and the downside risks to our revenues.

- a. There are ongoing discussions to revise international tax rules under the Base Erosion and Profit Shifting, or BEPS 2.0 project. These proposals will adversely impact our corporate income tax revenues. As I have mentioned in this House previously, we are actively involved in these talks.
- b. If and when these international tax rules are changed, we will consider if adjustments are required to our corporate tax system accordingly, in consultation with the industry.

Updating our Tax Regime as the Digital Economy Grows

F15. One aspect of a fair and resilient tax system is ensuring a level playing field for our local businesses vis-à-vis their overseas counterparts. This is especially relevant as e-commerce for sales of goods and services, is growing.

- a. In Budget 2018, I announced the extension of GST to imported services from 1 January 2020.
- b. I also shared that we would be reviewing international developments on how GST can apply on imported goods.
- c. Today, low-value goods imported via air or post are not subject to GST, to facilitate clearance at the border. In contrast, GST is paid on such goods purchased in Singapore.

F16. Several jurisdictions, including Australia, New Zealand, and the European Union, have implemented or announced plans to implement the equivalent of GST on such goods.

F17. **I will hence extend GST to imported low-value goods with effect from 1 January 2023.**
(See Annex F-1.)

- a. This change, together with the change announced in Budget 2018, will ensure a level playing field for our local businesses to compete effectively. Overseas suppliers of goods and services will be subject to the same GST treatment as local suppliers. IRAS will continue to work with the industry to ensure smooth implementation for the change.

Other Tax Changes

F18. I will also make some tax adjustments to support businesses, and to maintain the competitiveness and resilience of our tax system. The details of these tax changes are in the Annex. (See Annex F-1.)

Significant Infrastructure Government Loan Act

- F19. In addition to meeting our recurrent spending needs, we have also been making significant investments to build Singapore and transform our economy, even before COVID-19.
- F20. I had shared in previous Budgets that the Government is exploring the use of borrowing to finance major, long-term infrastructure that benefit current and future generations. This approach will allow us to spread out the lumpy costs of such infrastructure investments more equitably across generations.
- F21. Having studied this extensively, **the Government intends to issue new bonds under a proposed Significant Infrastructure Government Loan Act**, or SINGA for short. The Government will table a Bill in Parliament later this year.
- a. These new bonds will allow for a fair and efficient way of distributing the fiscal responsibility.
 - i. Fair, because these payments are borne by the generations who will directly benefit from the improved infrastructure.
 - ii. Efficient, because they allow us to benefit from the current low interest rate environment.
 - b. Prior to this, the Government has been issuing bonds to develop the domestic debt market and meet the investment needs of the CPF for Singaporeans' retirement.
 - c. With the proposed SINGA legislation, the Government will now issue bonds for an additional purpose of financing major, long-term infrastructure.
- F22. The Government will use SINGA borrowing proceeds in a prudent and transparent manner.
- a. These proceeds will be used to finance assets that are crucial to Singapore's long-term development and sustainability. These will include new MRT lines, and infrastructure to protect ourselves against rising sea levels.
 - b. As a safeguard, **we will set a limit of \$90 billion for borrowing under SINGA**. This is based on the expected pipeline of major, long-term infrastructure projects over the next 15 years.
 - c. We will also include other safeguards in legislation, which will be open to Parliamentary and public scrutiny.
 - d. We have briefed the President and obtained her in-principle support for the use of Government borrowing to finance major, long-term infrastructure.
 - e. More details will be provided when the Bill is presented in Parliament later this year.

Sustaining Investments in our Future Economy

- F23. I have spoken about our approach for the immediate COVID-19 Resilience Package, and our differentiated approach to address recurrent needs through recurrent revenues and borrowing to finance major, long-term infrastructure.
- F24. How we recover from COVID-19 in the next few years is critical. It will determine our nation's long-term success. Beyond dealing with its immediate impact, we are making significant investments to position Singapore for our next bound of growth in the post-COVID-19 world.
- a. COVID-19 has disrupted business models and global supply chains, and accelerated trends such as digitalisation. To secure our future, it is crucial for us to seize opportunities in new growth engines, respond to structural trends, and transform our economy.
 - b. We will invest strategically in these areas over the next few years, so as to emerge stronger. I have announced some of these measures in this Budget, while others are being developed by the Emerging Stronger Taskforce, the various Alliances for Action, and our agencies.
- F25. Based on the current outlook, we expect that as the economy recovers, we will be able to balance our budgets, and our revenues will be able to support projected expenditure for these measures.
- a. This assessment assumes that the global COVID-19 situation comes under control by next year, enabling economic recovery.
 - b. However, if the global public health and economic outlook worsen, we may not be able to do so.
- F26. We have carefully thought through the different scenarios. While we expect economic recovery in Singapore and globally, there is a wide cone of uncertainty. **Even if the economic and fiscal situation turns out to be worse than expected, we must still press on to invest in new areas, so as to ride on the structural changes, transform and emerge stronger as an economy, and as a people.**
- F27. **Should the public health and economic situation deteriorate, and the need arise, the Government will seek the President's consideration for the use of Past Reserves** to support these economic investments to ensure Singapore emerges stronger from this crisis.
- a. We have briefed the President on the Government's strategy and contingency plan, in the event of a prolonged impact of the pandemic on the economy.
 - b. The President has expressed her understanding towards the Government's approach, and will consider the Government's specific proposals, should there be a need to draw on Past Reserves.

FY2020 Budget Position

F28. Let me now summarise our overall budget position.

F29. For FY2020, we expect an overall budget deficit of \$64.9 billion, or 13.9% of GDP. This is the largest budget deficit since our nation's independence. The deficit is driven by lower revenues due to dampened economic activity, and the significant expenditures needed to mount a decisive response to COVID-19.

FY2021 Budget Position

F30. For FY2021, our budget position remains expansionary as we continue to tide Singaporeans and our businesses over this crisis with the COVID-19 Resilience Package. I have also explained our plans to emerge stronger by pressing on with economic and workforce transformation, strengthening our social compact and building a sustainable future for all. These measures will impart a considerable fiscal boost to the economy, and we expect an overall deficit of \$11.0 billion, or 2.2% of GDP. (See Annex F-2.)

G. CONCLUSION

- G1. Mr Speaker, Sir, let me say a few words in Mandarin before I conclude in English.
- G2. 去年，政府一共拨出了近 **1 千亿元**，推出应对疫情的纾困措施，有助于缓和和经济衰退所带来的冲击，对保健康、保企业、保生计起了显著的作用。
- G3. 虽然冠病疫苗已面世，但全球各地仍面对疫情的冲击，复苏之路不平坦，也充满不确定性。
- G4. 政府将通过今年的财政预算案，拨出 **110 亿元**设立应对冠病坚韧配套，继续帮助国人和受疫情重创的领域。
- a. 首先用来保护国人的健康，包括推动接种疫苗的工作。我呼吁大家接种疫苗，保护自己和身边的人。
 - b. 为协助持续面对压力的企业，政府将再次延长雇佣补贴计划。受影响最大的航空、宇航和旅游业的补助将延长 6 个月。其他领域例如零售业、文化艺术、餐饮业、建筑环境业，则将延长 3 个月。
 - c. 受重创的领域，例如航空业、陆路交通业、文化、艺术和体育界，也将获得额外援助，帮助它们保持核心能力。
- G5. 冠病疫情也加速了已经出现的重大结构性变化，开启了新的合作与竞争领域。为此，我将拨出 **240 亿元**，鼓励企业转型、创新，把握区域和全球市场所带来的机遇，为国人创造良好的就业机会。
- a. 政府会加强新加坡与本区域和世界各地的联通，促进货物、人才、数据等方面的流动。同时，政府也将提供多种平台，鼓励更多企业进军区域市场，加强区域合作。
 - b. 政府还会推出和延长一系列资金投资和津贴项目，帮助企业融资，帮助它们转型和扩充业务。
 - c. 为了鼓励国人提升技能、帮助企业重新设计工作，政府将延长“新心相连”就业与技能配套和“能力转移计划”等措施。
 - d. 另一方面，我们也将提高护士和部分医护人员的薪金，肯定他们的努力，并吸引更多人才加入这份有意义的行业。我想借此对过去一年为冠病奋战的医疗团队，表示最衷心的感谢！
- G6. 政府也将继续建设更有爱心和更具包容性的社会，照顾不同群体的需求。
- a. 我将推出总值约 **9 亿元**的家庭援助配套，为国人提供额外短期援助。

- i. 这包括一次性消费税补助券—现金特别补助以及社理会生活补助券等计划。
 - b. 未来两年，政府也将在全岛各地增设社区联系站。这将让更多租赁组屋家庭受惠。
 - c. 此外，我希望大家可以继续发挥“群策群力”的精神，鼓励更多国人回馈社会，支持慈善事业。
- G7. 我们也要确保新加坡可持续发展，为世代打造宜居的绿色家园。
 - a. 政府将与国人通力合作，推动新加坡绿色发展蓝图，应付气候变化。
 - b. 我们也将大力推进电动汽车充电基础设施的建设，以更好地支持电动汽车在未来的发展，减少碳排放量。
 - c. 为了鼓励人们减少用车，汽油税也将马上调高。然而，政府会为各类车辆提供不同的回扣，帮助公众减轻负担。
- G8. 总的来说，我国的财政空间预计将进一步紧缩。我们也必须平衡短期和长期规划的需要。
 - a. 我去年提到，我们不会在 2021 年调高消费税。可是，为了应付我国的经常性支出，消费税的上调不能延迟太久，必须在 2022 年到 2025 年这段期间做出调整，并且应该会较早落实。但具体上调的时间，我们还会根据经济前景来决定。
 - b. 政府也会在今年把国家重大建设借贷法令提呈国会，为长期的基建项目进行融资。这个做法不但能让几代人共同分担基础建设发展的费用，避免大幅度增税，也体现了集体责任的价值。
 - c. 这个财政年，我们将再次动用国家储备金，以推出应对冠病坚韧配套。这是非常艰难的决定，储备金是历代国人辛苦累积下来的血汗钱，因此我们需格外珍惜，并善加利用。在此，我感谢 哈莉玛总统 原则上 支持 政府再动用 储备金。
- G9. 过去的一年里，国人关怀互助、群策群力，努力对抗冠病疫情。先辈们谨慎理财、未雨绸缪，更是起到关键的作用。这些价值观让我们发挥同舟共济、坚毅向前的精神，而这份可贵的精神，需要的正是国人和政府之间的相互信任。不单是在国内，新加坡如果要想继续取得成功，还必须和世界各国建立互信，共同为未来的挑战寻找解决方案。让我们携手同行，越战越勇，继续为我们和子子孙孙建设更美好的未来，同时把新加坡打造成一个倍受世界各国信赖的闪亮小红点！
- G10. I will now conclude in English. The first thing I must say is a heartfelt thank you. Thank you to the practitioners in our social, business, tax, and academic communities for your

very useful insights during our consultations. And also to our Labour Movement and tripartite partners.

- G11. I also thank the many Singaporeans who participated in our various consultation sessions, and officers in our Ministries and agencies who have contributed in the design of the schemes, and in ensuring that our programmes reach out to our people, workers and businesses.
- G12. A special note of thanks to my very dedicated team of officers in the Ministry of Finance, and my personal assistants, who have been working non-stop since COVID-19 hit the world last year. They continued to work over Chinese New Year and Valentine's Day. So this is indeed a labour of love. I also thank the Nanyang Polytechnic students who did the illustrations in the slides accompanying my speech.
- G13. Indeed, I extend the same admiration and thanks for all our frontline, healthcare and essential workers, who have been heroic in keeping our country running and keeping us safe through this crisis.
- G14. Most of all, Mr Speaker, I wish to thank our people. For showing understanding, strength and care, and standing together as one. I speak on behalf of all of us who have worked hard on this and previous Budgets when I say: Your wellbeing has been our purpose, and your spirit has been our inspiration.
- G15. In this Budget, I have outlined our plans to continue to tackle our immediate challenges, and to emerge stronger in the new normal:
- a. The **COVID-19 Resilience Package** to re-open safely and sustain the momentum of our recovery.
 - b. The **Household Support Package** for our families, with greater support for families who need more help.
 - c. Our **investments in economic and workforce transformation**, to emerge stronger.
 - d. The **Singapore Green Plan 2030** to enhance sustainability and do our part to deal with climate change.
- G16. Mr Speaker, Sir, COVID-19 has put all societies through a severe stress test – on how we organise ourselves as a society, and our values as a people.
- G17. There are no textbook or model answers to deal with such a sudden, unprecedented shock. Instead, as the situation turns swiftly, we have to assess, adapt and innovate, to tackle the crisis on all three fronts – safeguard lives, jobs and businesses, and our future.
- G18. Our people rallied together, to support one another. Everyone has been doing his or her part, to observe precautions, however inconvenient, to keep each other safe. Businesses have been doing their best to adapt and retain workers. Our healthcare and frontline workers have displayed great courage and dedication. Many charities and

volunteers have stepped up their support for those with needs, despite many difficulties.

- G19. The past year showed that our values as a people matter – the values of unity, resilience, solidarity, and fortitude. The values of care and partnership, of adaptability and action, of working together. Our whole-of-society response is greater than the sum of its parts.
- G20. In particular, the values of our founding generation – of prudence to save and prepare for the long-term – enabled us to build up our reserves, which provided us the strong support we needed.
- G21. This sense of togetherness in turn rests on trust – trust in each other, in institutions and in our leaders.
- G22. This trust is not just among Singaporeans, but with people around the world. The world is more deeply interconnected and interdependent than ever. But this pandemic has exposed and enlarged crack lines and fragmentation in many parts.
- G23. A very successful overseas entrepreneur saw me recently. He saw Singapore as a key base to operate and grow, especially in a sustained global pandemic. He saw how we had worked together in Singapore, and with people around the world. We are a safe, trustworthy node, and we look ahead.
- G24. Let us continue to focus on what lies ahead, and chart a clear direction forward. Let us continue to think long-term, tackle long-term challenges such as climate change and future pandemics, and forge partnerships with people around us, in Singapore, as part of Singapore Together, and with people around the world.
- G25. Let us strive to emerge stronger together, as a united and shining red dot, trusted by all!
- G26. Mr Speaker, Sir, I beg to move.