



BUDGET
2022

Singapore Economy 2030:

Seizing Opportunities, **Energising Enterprises**





The Singapore Economy 2030 vision signals our ambition to develop new engines of growth across various economic sectors in the next decade. The strategies will guide us in charting the path towards a vibrant economy with exciting opportunities and good jobs for our enterprises and people.

— Minister for Trade and Industry, Mr Gan Kim Yong

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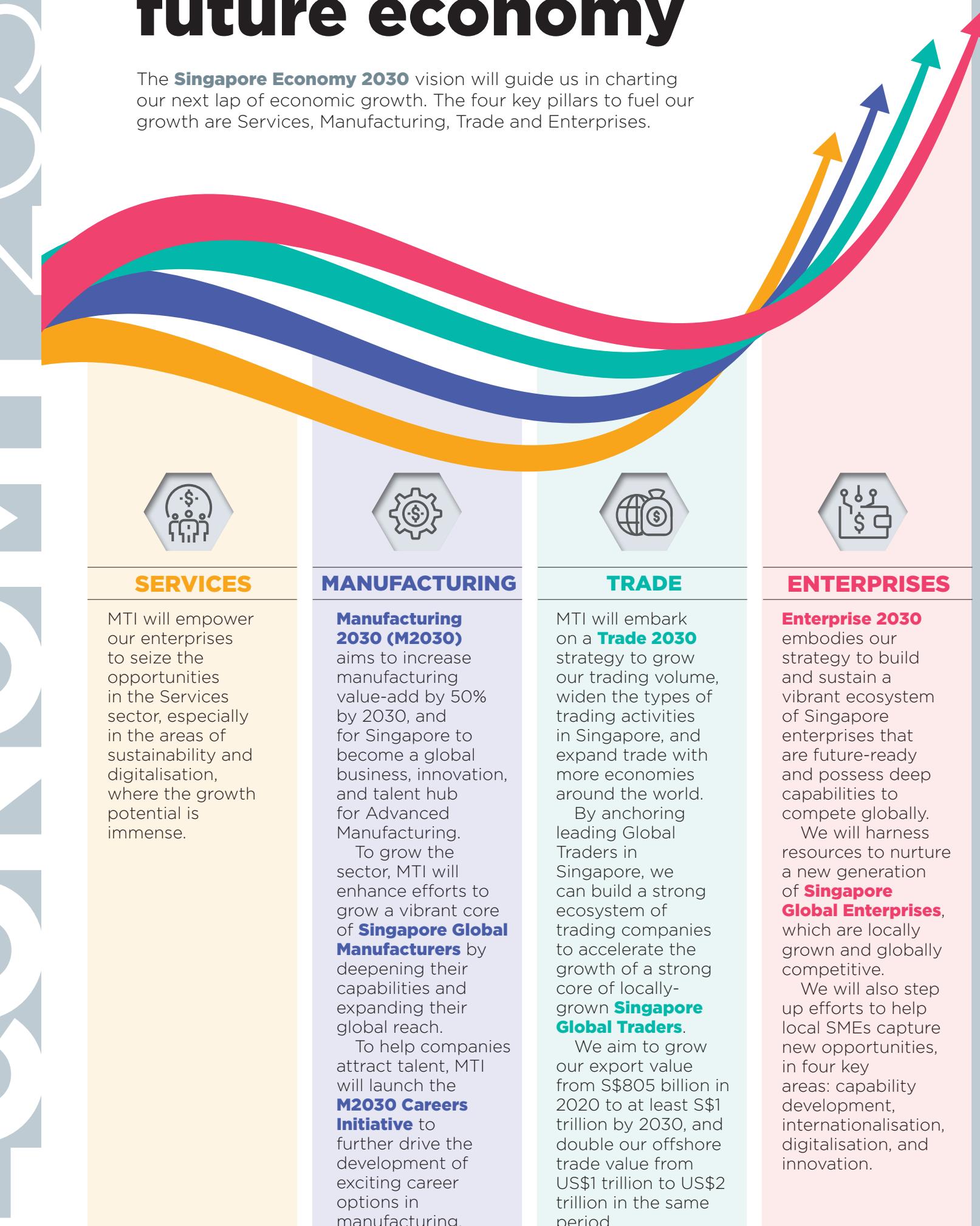
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ECONOMY 2030

Charting the path towards A vibrant future economy

The **Singapore Economy 2030** vision will guide us in charting our next lap of economic growth. The four key pillars to fuel our growth are Services, Manufacturing, Trade and Enterprises.



BUDGET
2022Singapore Economy 2030:
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SERVICES

Why is it important? Services sector represents more than 70% of our economy, and comprises sectors such as finance & insurance, information and communications, professional services, and logistics.

Looking ahead, there are two major waves of opportunities – digitalisation and sustainability – which can help to propel our next lap of growth. The Government will support our enterprises to seize these opportunities.



GREEN ECONOMY

As the world transits to a low-carbon future, there are many exciting new opportunities in the green economy. For instance, the increasing demand for green financing and carbon services will create good jobs and new opportunities for our enterprises. Enterprises which meet consumers' demand for more sustainable products and services will also capture market share early. We will support local enterprises through initiatives such as:

- ▶ **Enterprise Sustainability Programme (ESP)** - To build capabilities and capture new opportunities in sustainability



DIGITAL ECONOMY

Digitalisation has shaped the way we live, work and play, as well as the behaviours of consumers. We will support our enterprises to digitalise and strengthen capabilities to capture new opportunities in the digital economy through schemes such as:

- ▶ Digital Leaders Programme
- ▶ SMEs Go Digital
- ▶ Chief Technology Officer-as-a-Service (CTO-as-a-Service)
- ▶ Grow Digital
- ▶ Productivity Solutions Grant (PSG)

MANUFACTURING

MANUFACTURING 2030 STRATEGY

What is it? Our vision for Singapore to become a global business innovation and talent hub for advanced manufacturing.

We launched our Manufacturing 2030 (M2030) vision in 2021, with the aim of increasing manufacturing value-add by 50% in 10 years. Last year, the sector grew very significantly by 13.2%, and received \$8.5 billion in total Fixed Asset Investment, creating over 6,000 jobs when these projects are completed.

As part of efforts to grow the sector, MTI will launch the M2030 Careers Initiative to further support companies to develop attractive career options, especially for locals.



M2030 CAREERS INITIATIVE

Who is it for? Manufacturing companies who are interested to attract, hire and retain locals.

How does it help? The series of new measures under the M2030 Careers Initiative supports companies to develop attractive career options in manufacturing and make them more accessible for locals. This will strengthen the local manpower pipeline and enhance resiliency in the sector.

The new measures are:

- **Manufacturing Employers' Handbook:** The handbook covers a range of best HR practices and resources to support companies in developing structured career progression pathways for their employees;
- **Additional Quality Internships:** Work with relevant Trade Associations and Chambers to secure quality internship opportunities for students from the Institute of Technical Education; and
- **Accelerated Pathways for Technicians & Assistant Engineers (Manufacturing) Grant:** The initiative supports selected manufacturing companies with progressive HR practices to hire, train and offer progression to ITE graduates for technician and assistant engineer roles.





TRADE

TRADE 2030 STRATEGY

What is it? Our strategy is to grow Singapore's trading volume, widen the types of trading activities that take place in Singapore, and expand trade with other parts of the world.

We aim to grow our export value from S\$805 billion in 2020 to at least S\$1 trillion by 2030, and double our offshore trade value from US\$1 trillion to US\$2 trillion in the same period.

The strategy will enable Singapore to capture more re-exports and transhipment flows, to plug Singapore more deeply into global supply chains and enhance our status as a global trade hub.



We will achieve it by:

- Growing a Strong Core of **Singapore Global Traders**: Accelerate efforts to grow locally-grown Singapore Global Traders that command global scale and are highly innovative
- Attracting Leading Global Traders: Anchor more upstream, downstream and innovation activities of Global Traders to increase value capture for Singapore. These Global Traders will also serve as platforms to help other Singapore companies to break into overseas markets
- Building a Skillful and Knowledgeable Workforce: Upgrade the workforce to meet the needs of the Trade sector, through initiatives such as the **Jobs Transformation Map** and a **Career Conversion Programme for Wholesale Trade Professionals**



ENTERPRISES

ENTERPRISE 2030 STRATEGY

Enterprise 2030 embodies our strategy to build and sustain a vibrant ecosystem of Singapore enterprises that are future-ready and possess deep capabilities to compete globally.



We will achieve it by: Accelerating the growth of Singapore Global Enterprises

We will invest more resources to identify enterprises with strong growth potential and global ambitions, and nurture a new generation of Singapore Global Enterprises, which are locally grown and globally competitive.

We will do so through:

- Bespoke and enterprise-centric assistance, tailored to enterprises' specific needs and individual growth ambitions
- Harnessing resources across Whole-of-Government and our partners
- Support in areas such as: developing global-ready talent, creating new corporate ventures, facilitating mergers & acquisitions, and enhancing access to financing



Strengthening core capabilities of local enterprises

We will also step up efforts to help local SMEs capture new opportunities in four key areas:

- Strengthening capability development
- Internationalisation
- Digitalisation
- Innovation





IMMEDIATE SUPPORT FOR BUSINESSES

- **\$500 million Jobs and Business Support Package**
 - ◆ New **Small Business Recovery Grant**
 - ▶ **\$1,000 payout** per local employee (up to \$10,000 per firm) for small businesses in sectors most affected by COVID-19 restrictions
 - ▶ **\$1,000 payout** to local sole proprietors and partnerships in eligible sectors, and SFA-licensed hawkers, market, and coffeeshop stallholders, who do not hire local employees
 - ◆ Extend **Jobs Growth Incentive** to Sep 2022 to encourage hiring of workers who face greater difficulties in finding jobs
- Extend **Temporary Bridging Loan Programme** and **Enterprise Financing Scheme (EFS) – Trade Loan** to 30 Sep 2022, with revised parameters
- Extend enhanced **EFS – Project Loan** to 31 Mar 2023 to support domestic construction projects



DIGITALISATION AND INNOVATION



- Additional \$200 million **for building digital capabilities**
 - ◆ **Advanced Digital Solutions** scheme expanded to include solutions that leverage artificial intelligence and cloud technologies starting 1 April 2022, to help enterprises improve operational efficiency and business decisions
 - ◆ **Grow Digital** scheme expanded to include more pre-approved digital platforms starting 1 April 2022, so that more SMEs can build capabilities to reach new markets more effectively, e.g. through AI-powered business matching, cross-border e-payment facilities



KPMG in Singapore partner and head of infrastructure, government and healthcare Satya Ramamurthy:

Singapore is at the tail-end period of extended support measures and the new support package is fundamentally about dealing with the last period of soft demand.

If you look at what the Budget is signaling overall, it is that growth is returning, the economy is recovering, and we're beginning to live with the pandemic – it's no longer something holding us back.



STRENGTHEN LOCAL ENTERPRISES

- \$600 million to scale up **Productivity Solutions Grant (PSG)** to support more than 100,000 PSG projects over next 4 years
- New **Singapore Global Enterprises** initiative to provide bespoke assistance for local enterprises with strong growth potential and global ambitions
- New **Singapore Global Executive Programme** to attract more local young talent to join Singapore global enterprises



ENTERPRISE FINANCING SCHEME

- Enhance **EFS – Merger & Acquisitions (M&A)** to include domestic M&A activities from 1 Apr 2022 to 31 Mar 2026
- Maintain 70% risk-share under enhanced **EFS – Trade Loan** beyond 30 Sep 2022 for enterprises trading in nascent markets



President of The Federation of Merchants' Associations Yeo Hiang Meng:

Budget 2022 is pragmatic and forward-looking, providing enhanced support for capability building, investment in human capital and building a Singapore talent core.

But there will be significant impact on heartland businesses that are smaller.



SAP Singapore managing director Eileen Chua: **Government support and Budget policies geared towards capability building, digitalisation, workforce upskilling and experience management are crucial to enable businesses to build a competitive advantage and pursue sustainable long-term growth.**



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National University of Singapore business professor Lawrence Loh:
Increasing the salary thresholds is good for ensuring the quality of foreign talent but the added cost may also incentivise companies to first look at locals to fill the gaps in its workforce. This ensures that locals, such as fresh graduates, will also have a fair bite of the employment cherry.

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NTUC secretary-general Ng Chee Meng:
All of us in NTUC Singapore are encouraged by the support and commit to step up our efforts to transform the workforce and chart the way forward with companies. Helping our workers stay relevant will go a long way in protecting their livelihoods and allow them to better cope with cost of living.



UPLIFT LOWER-WAGE WORKERS

- Extend **Progressive Wage Model** to retail, food services, and waste management sectors; and to other occupations, e.g. in-house cleaners, administrators, and drivers
- Companies employing foreign workers required to pay local employees at least the **Local Qualifying Salary**, currently \$1,400 per month
- Co-fund wage increases of lower-wage workers between 2022 to 2026 under the **Progressive Wage Credit Scheme**

Year	Wage Increase
2022 - 2023	50%
2024 - 2025	30%
2026	15%

ADJUSTMENTS TO FOREIGN WORKER POLICIES

- Changes to Employment Pass
 - Raise minimum qualifying salaries to **\$5,000**; \$5,500 for financial services for new applications from Sep 2022, and renewal applications from Sep 2023
 - Introduce Complementarity Assessment (COMPASS) framework for new applications from Sep 2023, and renewal applications from Sep 2024
- Changes to S Pass
 - Raise minimum qualifying salaries to **\$3,000**; \$3,500 for financial services
 - For new applications from Sep 2022, and renewal applications from Sep 2023
 - Tier 1 levy progressively raised to \$650 by 2025
- Introduce **Manpower for Strategic Economic Priorities (M-SEP)** scheme
- Changes to Work Permit policies for construction and process sectors
 - Lower Dependency Ratio Ceiling** from 1:7 to 1:5 from 1 Jan 2024
 - New **levy framework** from 1 Jan 2024



Singapore Business Federation chief executive Lam Yi Young:

The carbon tax in a way helps to price in the cost of carbon emission so that companies can make the decision with it properly priced in. Depending on what form the transition package comes in, the next few years really are an opportunity for companies to review their operations to become more sustainable, and this will put them in a stronger stead for the future.



NET ZERO AMBITION

- Raise Singapore's ambition to achieve **net zero emissions by or around mid-century**

SINGAPORE GREEN PLAN

- Green growth opportunities and jobs, e.g. green finance, carbon services
- Increase **public sector green bonds issuance** to \$35 billion by 2030; publish Singapore Green Bond Framework by 2022
- Accelerate adoption of Electric Vehicles by having more charging points near homes



Oliver Wyman head of consumer and industrials, South-east Asia, and energy, Asia-Pacific Abhi Bhuchar:

The progressive increase in carbon tax will increase Singapore's attractiveness as an investment hub.

The government has given certainty in an uncertain path to decarbonization, which will certainly attract capital. In addition, this will spur carbon market development and all the investments that go with it.



CARBON TAX

- Carbon tax rate adjustments:

Year	Rate (per tonne)
Current	\$5
2024 - 2025	\$25
2026 - 2027	\$45
By 2030	\$50 to \$80



- Allow carbon tax liable businesses to use carbon credits to offset up to **5%** of taxable emissions from 2024

- Transition framework to help emissions-intensive, trade-exposed sectors manage near-term impact on business competitiveness



OCBC Bank economist Howie Lee:

This is a strong message of intent and commitment towards our net-zero goals. We now have a clearer net-zero path and one of the highest carbon taxes in Asia. Companies will do well to heed to this change.



Chairman of SGTech, the trade association for Singapore's tech industry, Wong Wai Meng:

While we are happy that the Government has considered the immediate impact of the carbon tax on businesses and households, for a complex problem such as this, we hope that the Government will engage the industry in regular dialogue and reviews so that we can collectively tackle any unintended consequences that might surface, such as an indirect impact on the rate of digitalisation.



CORPORATE INCOME TAX

- Explore a top-up tax called the **Minimum Effective Tax Rate (METR)** regime, in line with the global minimum effective tax rate under the Base Erosion and Profit Shifting (BEPS) 2.0 Pillar 2
- IRAS will consult the industry on the design of the METR

PERSONAL INCOME TAX

- Increase in top marginal tax rate from Year of Assessment 2024:

Portion of Chargeable Income	Tax Rate
In excess of \$500,000 up to \$1 million	23% (up from 22%)
In excess of \$1 million	24% (up from 22%)



Chairman of the Singapore Indian Chamber of Commerce and Industry (SICCI) Dr T. Chandroo:

Now, with the announcement of the GST increase pushed to 2023, something SICCI has been asking for and proposed in our wish list to the Finance Minister, SMEs can concentrate on their road to recovery and play their part in the nation's economic development.

GOODS AND SERVICES TAX (GST)

- GST increase will be delayed to 2023 and staggered over two steps:

Time Period	GST Rate
From 1 Jan 2023	8%
From 1 Jan 2024	9%

- To cushion the impact of the GST increase: **Productivity Solutions Grant** for businesses to apply for subsidised accounting and point of sale solutions



Vice-president of the Association of Small and Medium Enterprises Ang Yuit:

Generally, the SMEs were very relieved that the (GST) increase would not be this year because it gives us some time to deal with the current cost increases. It would have been an additional burden, an additional worry, and it would be frustrating for businesses.



Scan the QR code for more information, or contact MTI at mti_email@mti.gov.sg

GoBusiness

Visit the GoBusiness portal for more information on available support for enterprises. Apply for grants or use the e-Adviser to discover your eligibility for Government schemes by answering a few simple questions.



SME Centres

Our experienced Business Advisors are here to support you in growing your business, through areas such as overseas expansion, financing, productivity, and HR. Book a complimentary 1-on-1 consultation at an SME Centre of your choice.



Chief Technology Officer-as-a-Service

Answer a few questions to conduct a self-assessment of your company's digital readiness, identify digitalisation gaps, and find digital solutions tailored to your business needs. Eligible companies can also seek digital advisory services and project management support from a shared pool of digital consultants.



Centres of Innovation

The Centres of Innovation were set up in partnership with Institutes of Higher Learning and research institutes to enhance SMEs' technology innovation. The centres provide facilities, consultancy, training, and technical services for SMEs to develop and test technology projects in specific sectors.



MINISTRY OF TRADE
AND INDUSTRY
SINGAPORE