

MINISTERIAL STATEMENT PROVIDING FURTHER SUPPORT FOR BUSINESSES AND WORKERS

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Introduction

On 17 August 2020, Singapore Deputy Prime Minister and Minister for Finance, Mr. Heng Swee Keat, gave a Ministerial Statement recognising that the global economy remains weak and more support is required during this period. To that end, the government announced further measures that will be put in place, targeted mainly to protect employment, create jobs and to offer greater support to sectors that have been adversely affected by the COVID-19 pandemic. These measures will be elaborated upon below.

A. Job Support Scheme

Under the Job Support Scheme (“JSS”), the government provides wage support by co-funding between 25% to 75% of the first S\$4,600 of gross monthly wages paid to each local employee in a 10-month period (up to August 2020). The JSS was implemented with the aim of protecting jobs of local employees by offsetting their wages during this uncertain economic climate (see <https://www.cnplaw.com/circuit-breaker-measures-for-employees-cnupdate-may2020-2> for our earlier update on the JSS).

The Ministry of Finance announced that the JSS will be extended by up to 7 months (up to March 2021). However, the levels of support offered for the different sectors during these 7 months will be revised to between 10% to 50% of the first S\$4,600 of gross monthly wages per local employee, calculated based on the projected recovery of the different sectors:

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S/N	Sector	Wage provided by the government	Applicable period
1.	Aerospace, aviation and tourism sectors	50%	Up to March 2021
2.	Built environment sector	50%	Between September 2020 – October 2020
		30%	Between November 2020 – March 2021
3.	Arts and entertainment, food services, land transport, marine and offshore and retail sectors (<i>for qualifying retail outlets</i>)	30%	Up to March 2021
4.	The large majority of the remaining sectors	10%	Up to March 2021
5.	Sectors that are managing well (e.g. biomedical sciences, precision engineering, electronics, financial services, information and communications technology, postal and courier, online retail, supermarkets and convenience stores)	10%	September 2020 up to December 2020

The payouts for the extended JSS will be in March 2021 and June 2021. The extension of the JSS seeks to assist employers to retain as many of their workers as possible.

B. Creating job opportunities

In addition, the government has also launched the Jobs Growth Incentive (“JGI”), a S\$1 billion programme to support firms increasing their headcount of local workers in the course of the next 6 months (i.e. from September 2020 to February 2021).

Under the JGI, a one-year salary support will be provided to employers for each new local hire that increases the employer’s local workforce comprising Singapore citizens and permanent residents. For the first S\$5,000 of gross monthly wages paid to new local hires, the government will co-pay 50% of the wages of mature local hires above 40 years old, and 25% of the wages for all other local hires. This means up to S\$30,000 of support for mature local hires and S\$15,000 of support for all other local hires in the course of 12 months.

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To qualify for the JGI, employers have to ensure that the sizes of the following have increased compared to the corresponding local workforce in August 2020:

- Overall local workforce
- Local workforce earning at least S\$1,400 per month

To encourage employers to also retain their existing local workforce, the Ministry of Manpower announced that there will be a reduction of the JGI payout if local employees leave the employer after August 2020 – the greater the number of existing employees who have left the employer, the lower the JGI payout. The JGI will replace the Enhanced Hiring Incentive that was announced in May 2020, under which an employer would receive salary support for every local hire that had gone through an eligible re-skilling or training programme. The salary support under the Enhanced Hiring Incentive was 40% for 6 months (capped at S\$12,000 in total) for every local hire aged 40 and above, and 20% for 6 months (capped at S\$6,000) for every local hire below 40.

C. Supporting workers

Mr. Heng has expressed that while retrenchments are inevitable in the current economic climate even with the government's best efforts, it will continue to work closely with tripartite partners to support displaced workers. In particular, the Tripartite Advisory on Managing Excess Manpower and Responsible Retrenchment will be updated to incorporate the Fair Retrenchment Framework ("**FRF**") proposed by the National Trades Union Congress on 24 July 2020. The FRF lays down guiding principles for companies on how to fairly treat workers affected by retrenchments. These mainly include the following:

Ensuring that the "Singaporean core" is safeguarded

When retrenchments are inevitable, companies should implement fair selection criteria – this may include reviewing the ability, experience, skills and occupational qualification of employees required to meet future business needs.

Retrenchments should be the last resort

Before considering retrenchments, as an early intervention, companies should work with unions and workers to find ways to preserve as many jobs as possible.

Fair retrenchment packages

If retrenchments are inevitable, companies ought to provide fair retrenchment packages and processes for workers to receive fair and dignified treatment.

Furthermore, the COVID-19 Support Grant ("**CSG**") will be extended until December 2020 to help

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Singaporeans who are unemployed or have faced significant income loss. The CSG is a scheme under the Fortitude Budget to help Singapore citizens and permanent residents who are (i) presently unemployed due to retrenchment or contract termination, (ii) placed on involuntary no-pay leave for at least three consecutive months, or (iii) experiencing a reduced monthly salary of at least 30% for at least three consecutive months as a result of the economic fallout from the COVID-19 pandemic.

In addition, eligibility for the Workfare Special Payment, which had previously been announced, will be widened to include workers who were under the Workfare Income Supplement scheme (“**WIS**”) in 2019, but have received or will be receiving WIS payments for work done in 2020. The WIS is aimed at uplifting the income and CPF savings of lower-wage Singaporean workers, and to encourage them to work regularly.

D. Sector-specific relief

On top of economy-wide measures, sectors that have particularly suffered a direct hit by the pandemic will receive additional support. As seen in Section A of this article, the support rendered by the JSS will vary based on sector, with the hardest-hit sectors – aerospace, aviation and tourism – receiving up to 50% of wages paid for 7 more months.

On top of that, the said sectors will be receiving **additional support** as follows:

Aviation

An additional S\$187 million will be allocated to extend the support measures in the Enhanced Aviation Support Package up to March 2021. This involves providing cost relief for Singapore’s airlines, ground handlers, cargo agents and airport tenants. This package will also support our local carriers to regain our air connectivity to the world. The government has also been redeploying employees in the aviation sector to other areas of need where their skills are valued, such as the medical sector including hospitals where their service skills may be tapped on for frontline and/or backend non-clinical work.

Tourism

S\$320 million will be set aside for tourism credits that Singaporeans can use in the form of SingapoRediscovered Vouchers to explore local culture and heritage, nature, art and architecture. This seeks to address the ‘drought’ of international tourist arrivals due to travel restrictions.

Further support will also be provided to businesses in the arts and culture and sports sectors, given how these businesses will take much longer to resume full operations.

E. Looking forward

As the economic impacts of the COVID-19 pandemic continue to loom over us, it is a crucial time for Singapore to not only overcome the pandemic, but also to rethink how it may adapt its economy for a

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post COVID-19 world. As an example, the government is looking to encourage continuous growth in innovation and entrepreneurship, by setting aside S\$150 million to enhance the Startup SG Founder programme in phases. The startup capital grant will be raised, and mentorship programmes will continue to be effected. You may keep a lookout for future updates from us on further developments.

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