

# Tackling Covid-19 and its fallout

It's still early days to tally up the full damage. Covid-19 is still with us and the pandemic continues its destruction on the economy and lives. Even after the contagion is tamed – and no one knows when – the fallout will remain long enough to prolong the recovery.

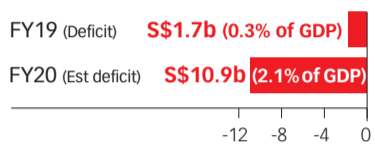
Yet even before the arrival of the final count, we can already be sure that the harm done would be great. Look at the sums of money which the government is spending on fighting Covid-19. Close to S\$100 billion – that's nearly five times the 2009 budget, which was designed to soften the

blow of the Great Financial Crisis.

The four budgets targeted at Covid-19 – named “Unity”, “Resilience”, “Solidarity” and “Fortitude” – are meant not just to save jobs and help keep businesses afloat, they are also intended to arm workers with tomorrow's skills and enterprises with the right technologies to ride the next wave of growth.

The key details of the budgets, along with the latest economic data, offer some idea of where the pandemic will have the most impact. **BY CHUANG PECK MING**

## 1 \$S6.4B UNITY BUDGET (FEB 18)



Covid-19 cases

81

### Backdrop

Visitor arrivals and air traffic through Singapore have declined. MTI downgraded GDP growth forecast for 2020 to -0.5% to 1.5%, from 0.5% to 2.5%

### Focus

Protect Singaporeans and slow down spread of Covid-19

### Allocations

\$S800m in additional funds for frontline agencies, with the bulk going to Ministry of Health, to control Covid-19 spreading

### Business/Workers

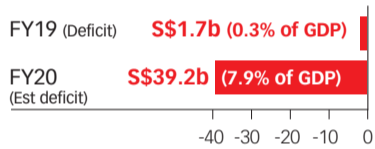
- \$S4b for Stabilisation and Support package to save jobs and help businesses with cash flow needs
- \$S1.3b of the money goes to job support for 3 months for 1.9 million workers
- \$S1.1b for wage support of 90,000 firms and 700,000 workers
- 25% corporate income tax rebates (capped at \$S15,000 per company) which cost \$S400m
- 15% to 30% property tax rebates for sectors hit directly
- Up to one month rental waiver for stallholders in

NEA-managed hawker centres and markets and commercial tenants under government agencies like HDB

### Households

- \$S1.6b for Care and Support package to help Singaporeans with household expenses
- \$S30m grant to self-help groups and Community Development Councils that aid needy families and children

## 2 \$S48.4B RESILIENCE BUDGET (MAR 26)



Covid-19 cases

683

### Backdrop

WHO has proclaimed Covid-19 a global pandemic. Still manageable in Singapore. GDP fell 10.6% q-o-q and 2.2% y-o-y. GDP growth forecast for 2020 reduced further to -4% to -1%, from -0.5% to 1.5%

### Focus

Save jobs and protect livelihoods of Singaporeans; help businesses beat immediate challenges; boost economic and social resilience

### Allocations

One-third of Budget is targeted to save jobs and support workers and protect livelihoods

### Business/Workers

- \$S15.1b for enhancements of job support for more than 1.9 million workers till end-2020, twice

the support given in the Global Financial Crisis of 2009

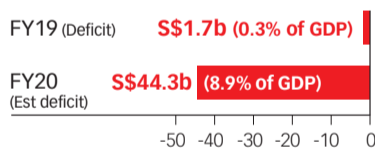
- \$S1.2b in direct cash handouts for the self-employed (\$S1,000 each for nine months)
- \$S48m to extend training support for the self-employed and boost the hourly training allowance from \$S7.50 to \$S10
- 8,000 young Singaporeans given opportunity to gain work experience under new SGUnited Traineeships Scheme
- 10,000 jobs to be created over next one year under new SGUnited Jobs Scheme. Government will kick off scheme by providing 2,200 jobs
- \$S20b for loan capital in addition to enhancements of financing help schemes for SMEs
- More than \$S400m to enhance jobs support of aviation sector

- \$S350m in enhanced support to fund rebates on landing and parking charges, rental relief for airlines, ground handlers and cargo agents
- \$S90m to help the tourism sector to rebound strongly

### Households

- \$S4.6b for enhanced care and support for households, including tripling the cash payout to adult Singaporeans from \$S100-\$300 to \$S300-\$900
- Doubling grants to \$S20m over two years for self-help groups
- \$S75m, up from \$S20m, in additional grants to the Community Development Centres
- \$S145m set aside for ComCare for new schemes and flexibilities in social services

## 3 \$S5.1B SOLIDARITY BUDGET (APR 6)



Covid-19 cases

1,309

### Backdrop

Pandemic has “exploded” worldwide. Budget needed to support “circuit breaker” measures which will restrict economic activity and movements for 4 weeks

### Focus

Further support Singaporeans and businesses for 4 weeks when circuit breaker restrictions are in place and to bolster the Resilience Budget

### Allocations

### Business/Workers

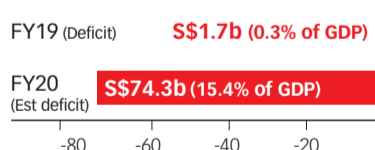
- \$S4b in additional support for workers and for businesses to preserve capacities and capabilities to resume business when the circuit breaker is lifted
- Wage subsidy raised to 75% of gross monthly wages for all firms for the first \$S4,600 cap at \$S3,450 in April, benefitting 1.9m workers
- Waive monthly foreign worker levy in April
- Foreign worker levy rebate of \$S750 for each Work Permit or S Pass

- Broaden support for the self-employed by extending Self-Employed Person Income Relief Scheme to include those also earning a small income from employed work, and increase current annual value of threshold from \$S13,000 to \$S21,000 to include those living in condominiums and other private properties

### Households

- \$S1b in Solidarity Payment which hands out \$S600 in cash each to all adult Singaporeans

## 4 \$S33B FORTITUDE BUDGET (MAY 26)



Covid-19 cases

32,343

### Backdrop

Situation has “deteriorated sharply” with IMF projecting zero economic growth for Asia, the worst in 60 years. MTI further cut 2020 growth forecast to -7% to -4%, from -4% to -1%. S'pore prepares to reopen economy only in phases

### Focus

To continue supporting workers and businesses still affected by border closures and safe distancing and to provide support “to enable businesses and workers to adapt, transform and seize new opportunities to emerge stronger”.

### Allocations

\$S3.8b to support measures, including job support, introduced on Apr 21 to extend the circuit breaker, \$S13b for contingencies funds to respond swiftly to fast-changing situations

### Business/Workers

- \$S2.9b for boosting and extending jobs and wage supports, especially for “severely impacted” sectors, including aerospace, retail, marine and offshore
- Extend foreign worker levy waiver and rebate for up to 2 months, with the waiver at 100% in June and 50% in July; the rebate is \$S750 per worker in June and \$S375 in July
- Defer planned hikes in CPF contribution rates for senior workers for one year
- \$S2b provided in cash grants to offset rental costs of SME tenants
- 2 more months of rental waiver for commercial tenants and hawkers in government-managed buildings
- 1 more month of rental waiver for industrial, office and agricultural tenants in

government-managed properties

- \$S285m to catalyse crowd funding for promising startups
- \$S500m to support businesses in digital transformation
- \$S2b for SGUnited Jobs and Skills Package to create close to 100,000 opportunities in 3 areas – 40,000 jobs, 25,000 traineeships and 30,000 skills training places – to raise skills for future jobs.
- Expand training capacity to 30,000 places this year for mid-career workers

### Households

- \$S100m top-up for Enhanced Funds Raising Programme to stimulate charities and donations
- \$S18m top-up for Invictus Fund in additional support for social service agencies.

### Battling Covid-19

Overall  
**\$S92.9b**  
(19.2% of GDP)

so far to be spent to fight the virus

**\$S52b**

is expected to be drawn from past reserves. This still leaves the government with a record

**\$S74.3b** deficit  
(15.4% of GDP) for FY20



### Covid-19's impact on economy

Unemployment was

**3.3%**

in March, the highest since December 2009

Total employment fell

**19,900**

in the first quarter, the sharpest quarterly decline since 2003 Sars

F&B services fell

**53%**

y-o-y in April

Retail sales dropped

**40.5%**

y-o-y in April

- GDP fell 10.6% q-o-q and 2.2% y-o-y in first quarter
- GDP is forecast to fall by 4.0% to 7.0% in 2020
- Inflation measured by CPI fell 0.7% y-o-y and 0.9% q-o-q in April

- Manufacturing output dipped 0.5% y-o-y but rose 4.2% q-o-q in the first quarter
- Services slipped 3.1% y-o-y and 15.9% q-o-q in the first quarter
- Construction fell 4.3% y-o-y and 22.9% q-o-q in the first quarter