

**BUDGET 2019**  
**BUILDING A STRONG, UNITED SINGAPORE**

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## INTRODUCTION

- A1. Mr Speaker, Sir, I beg to move, that Parliament approves the financial policy of the Government for the Financial Year from 1 April 2019 to 31 March 2020.

### Reflections on Our Bicentennial

- A2. This year marks 200 years since Sir Stamford Raffles landed in Singapore.
- A3. Archaeological finds and records show that Singapore's history stretches back at least 700 years, serving as a trading emporium in the region.
- A4. 1819 was a key turning point in Singapore's development. The British decision to declare Singapore a free port plugged us into an emerging network of global trade. This, and subsequent developments, transformed Singapore into a global node.
- A5. In our bicentennial year, let us reflect on the twists and turns in our history, so as to chart a path forward for an even better future for our people.

### Charting Our Path Forward

- A6. Today, we are in a different phase of globalisation, with new forces reshaping the global environment.
- A7. In last year's Budget Statement, I mentioned three major shifts:
- a. The shift in global economic weight towards Asia;
  - b. Rapid technological advancements;
  - c. And changing demographic patterns.
- A8. A fourth major force that is gaining prominence is the decline in support for globalisation. Some countries are benefitting from globalisation, while others are questioning its value.
- A9. These four major forces are interacting in complex ways, at the global, regional, and national levels.
- A10. On the global stage, the trade frictions between the US and China are developing into a deeper strategic competition of strength and of governance systems. This is raising geopolitical uncertainty.
- A11. Closer to home, ASEAN has enjoyed over 50 years of peace and stability, with bright economic prospects.

- a. Together, the 10 economies of ASEAN are projected to become the fourth largest in the world by 2030, with the size of the middle class doubling.
  - b. Innovation and entrepreneurship are also thriving. In recent years, Southeast Asia has grown several new “unicorns”, or companies with valuations in excess of US\$1 billion.
- A12. Working together, ASEAN nations can maximise our potential. But, closely connected neighbours will have occasional differences.
- a. A couple of issues have surfaced recently with Malaysia. When such differences occur, Singaporeans must stay united as a people, and present our positions firmly and calmly.
  - b. We have worked through difficult bilateral issues with our neighbours in the past, based on mutual respect and common interests, and in accordance with international laws and norms. Singapore will continue to seek to resolve issues in the same spirit.
- A13. Domestically, we need to address longer-term challenges, including ageing, social mobility, inequality, economic transformation, and climate change.

### Our Strengths and Our Singaporean DNA

- A14. The changing global and domestic landscape presents both challenges and opportunities. We will continue to chart our way forward confidently in the Singapore way, building on our distinct strengths and our Singaporean DNA.
- a. We must always respond to challenges with grit and determination.
    - i. There were episodes in the centuries of Singapore’s history where our island’s fortunes waned due to external forces.
    - ii. These are sobering reminders that we have to constantly build up our security and resilience, and plan long-term.
  - b. Singapore’s success has roots in our port, which thrives on openness and connectivity. These traits have been forged into our identity as a people.
    - i. As a multi-cultural society, our openness to diversity is our strength.
    - ii. It has inculcated a global mindset and deepened our knowledge of Asia. We must continue to cultivate cross-cultural literacy among our youth, and encourage them to build bridges with peoples across the world.
    - iii. We strive to be a place where people and ideas congregate, at the frontier of global developments. We want to be a Global-Asia node of technology, innovation and enterprise.

- c. We turn our size and strategic location into an advantage.
  - i. Technological shifts have spread economic activities more widely, and at the same time, made cities more important as key nodes of enterprise and innovation.
  - ii. As a city-state, we are nimbler and can adapt to changes faster.
  - iii. We serve as a neutral, trusted node in key spheres of global activity.
- d. Like Sang Kancil, the small but quick-witted mousedeer, we can make our way in the world.

A15. Budget 2019 is a strategic plan to allocate resources to build a **Strong, United Singapore**. In this bicentennial year, let us draw on our strengths, and our Singaporean DNA – openness, multi-culturalism, and self-determination – to continue to progress.

- a. At a fundamental level, we must keep Singapore **safe and secure**. This allows us to preserve our way of life and forge our own destiny.
- b. We must continue to transform our economy, for only a **vibrant and innovative economy** can provide opportunities for our people to realise their potential.
- c. We must continue to build a **caring and inclusive society**, where we look out for one another, and all of us play our part in weaving a tightly-knit social fabric.
- d. We must continue to build Singapore as a **global city and home for all**, keeping it smart, sustainable, and globally connected.
- e. Last but not least, we must achieve these goals in a responsible and fiscally sustainable way.

A16. We are using our financial resources to help realise our strategies for a strong, united Singapore. But financial resources alone do not get us there. We call on all Singaporeans to partner with the Government, and support one another to succeed in this endeavour.

## KEEPING SINGAPORE SAFE AND SECURE

### Safe and Secure Home for All

- B1. A safe and secure Singapore gives us the confidence to chart an independent course.
- B2. But we cannot take our peace, prosperity, and stability for granted.
  - a. Singapore is vulnerable to the fluctuations in our region and the world.
  - b. Against an increasingly uncertain geopolitical environment, our commitment to defence and security cannot waver. Diplomacy and deterrence are the twin pillars of our approach.
    - i. The Ministry of Foreign Affairs works continuously to build good relations with our neighbours and the major powers, and to promote a rules-based international order with international laws and norms.
    - ii. A strong Singapore Armed Forces (SAF) lends weight to our diplomatic efforts and ensures that negotiations with Singapore are taken seriously. Should diplomacy fail, we must stand ready to safeguard our interests, and defend ourselves.
    - iii. The Home Team also works round-the-clock alongside other security agencies, to ensure a safe environment for all.
    - iv. We also now have the Cyber Security Agency of Singapore leading our efforts to protect our Critical Information Infrastructure from cyber threats, and to create a secure cyberspace for businesses and communities.
  - c. These are fundamental to our sovereignty, our success, and to safeguarding our vital interests.
- B3. Singapore is one of the safest cities in the world. Our crime rates are consistently low, but we must not be complacent.
- B4. Security threats are evolving and becoming more complex.
  - a. A strong SAF remains a bulwark against threats to our way of life.
  - b. Terrorism threats to Singapore remain high.
    - i. We continue to detect individuals in Singapore, who have been radicalised by terrorist propaganda.
    - ii. Globally, we see a rise in attacks perpetrated by radicalised individuals and cells.
    - iii. Such attacks are hard to prevent. We must stay vigilant.

- c. Beyond physical threats, malicious cyber activities are growing.
    - i. The networked nature of our society has enhanced connectivity.
    - ii. But this can be exploited to disrupt and divide society, through cyber-attacks, the spread of falsehoods, or other means.
  - d. In particular, foreign actors will try to influence our domestic affairs and politics.
    - i. This is not new, but new technologies have made it easier for others to mount attacks with greater ease and intensity, and with more sophisticated tactics.
- B5. To stay ahead of these threats, we must continue to innovate and build new capabilities to meet our security needs. Both the public and private sectors have a major role to play.
- a. The Ministry of Home Affairs (MHA) will set up a Home Team Science & Technology Agency by the end of this year, to develop science and technology capabilities to support the Home Team's operational needs. These capabilities will strengthen the Home Team's ability to carry out its mission of safeguarding Singapore. The Minister for Home Affairs will speak more about this at the Committee of Supply (COS).
  - b. The private security industry has been stepping up efforts. A good example is Certis, which has redesigned its business processes, infusing technologies such as Big Data and Artificial Intelligence to deal with security threats.
  - c. MHA will help to transform the private security industry through innovation and technology to meet growing needs, and be an effective partner to the Home Team.
- B6. Our Total Defence approach will continue to keep Singapore safe and secure, with every Singaporean playing a part.
- a. At the national level, we plan long-term and take measures, such as stockpiling critical supplies, diversifying our sources of water supply, and strengthening our food security.
  - b. As a people, we must have the psychological and emotional resilience to face crises stoically. As threats get more sophisticated, Singaporeans must stay vigilant, and guard against non-conventional forces that threaten to divide us.
  - c. National Service (NS) has forged a deep understanding in our people that each and every one of us has the duty to defend our nation. When our young people serve NS, families and employers support them in every way possible.
- B7. With our Smart Nation drive, digital technology has become an integral part of our lives.
- a. To harness the digital advantage, we must be prepared to also deal with the threats that arise inevitably from its more pervasive use.

- B8. Digital Defence has now been incorporated as the sixth pillar of Total Defence.
- a. Like the other pillars of Total Defence, Digital Defence involves everyone – individuals, community groups, businesses, and the Government.
  - b. We must all play our part to be secure, alert and responsible online, be it through practising good cyber hygiene, being vigilant against fake news, and helping one another use technology safely.
  - c. Last year, MINDEF launched the Cyber National Servicemen scheme, training national servicemen with the Singapore Institute of Technology, to raise our cyber defence capability.
- B9. The Government is also engaging our tech community with programmes such as the Government Bug Bounty Programme, to achieve a higher level of collective cybersecurity.
- B10. Given its strategic significance, the Government will continue to invest a significant share of our resources – about 30% of our total expenditure this year – to support our defence, security, and diplomacy efforts.
- a. This spending is significant, but indispensable.
  - b. We will invest more, if the need arises, to protect the sovereignty of Singapore and the well-being of Singaporeans.
- B11. Everyone has a role to play to keep Singapore safe and secure. Let us continue to stay united in defending our home and our way of life.



## SKILLED WORKFORCE, INNOVATIVE FIRMS, AND A VIBRANT ECONOMY

### Steady Growth in 2018 Amid Challenges

- C1. A vibrant and innovative economy provides our people with the opportunities to realise their potential and to have a better life.
- C2. Our efforts to transform our economy are bearing fruit. In tandem with the global expansion, the Singapore economy grew 3.2% in 2018<sup>1</sup>.
  - a. Good growth translated into good outcomes for our workers. Over the past five years, the real median income of Singaporeans has grown by 3.6% per year<sup>2</sup>.
- C3. Global growth is expected to moderate in 2019, while uncertainties and downside risks in the global economy have increased.

### Strengthening Singapore's Economic Competitiveness

- C4. Over the years, our sound monetary and fiscal policies have enabled us to weather global economic crises and keep inflation stable. These provide a stable environment for investors to make long-term investment decisions.
- C5. Beyond maintaining a supportive macro-economic environment, we need to build a sound micro-economic foundation, so that resources can be allocated to their best possible uses; and to undertake structural reforms, to enable our workers and firms to adapt and stay competitive.
  - a. Every firm and every worker will need to work differently, master new skills, and use technology well. And we must continue to create new opportunities, including through partnerships with others.
- C6. In Budget 2016, we launched the Industry Transformation Maps (ITMs), which drive transformation at the company, industry, and economy-wide levels. Each ITM integrates four key pillars of transformation: jobs and skills; innovation; internationalisation; and productivity. These are mutually reinforcing pillars to maximise impact.
- C7. To coordinate efforts, the Future Economy Council brings together leaders from the Government, industry, Trade Associations and Chambers (TACs), unions, and academia.

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<sup>1</sup> Source: Ministry of Trade and Industry's Economic Survey of Singapore 2018.

<sup>2</sup> Median gross monthly income of full-time employed Singapore citizens including employer CPF contribution. Source: Labour Market Advance Release 2018, Ministry of Manpower.

- C8. After three years of intensive work, I am glad that all 23 ITMs have been launched, covering about 80% of our economy. We are seeing good progress, aided by the global economic upturn in recent years:
- a. Productivity, as measured by real value-added per actual hour worked, grew 3.6% per year in the last three years, higher than the 1.6% per annum growth recorded in the preceding three years, from 2012 to 2015<sup>3</sup>.
  - b. In particular, we have seen strong performance by outward-oriented sectors such as Manufacturing, while others like Construction and some services industries continue to show weaker productivity growth.
- C9. But this is a continuing journey. There is much more we can do, especially in sectors like domestic services. We must press on. Let me now outline three key thrusts in this Budget to support industry transformation:
- a. First, building deep enterprise capabilities.
  - b. Second, building deep worker capabilities.
  - c. Third, encouraging strong partnerships, within Singapore and across the world.

### **Building Deep Enterprise Capabilities**

- C10. The basic building blocks of a vibrant economy are strong, competitive companies that maximise value creation. Hence, the first thrust is to support the building of deep enterprise capabilities.
- C11. Companies at different stages of growth have different needs. The leadership of each company is in the best position to lead and drive changes, while our agencies can provide support at each stage of growth.

### **Supporting Start-ups**

- C12. A vibrant start-up ecosystem encourages budding entrepreneurs to try out their business ideas. Such an ecosystem enables entrepreneurs to connect to mentors, prospective business partners, customers, and investors.
- C13. Two years ago, we launched Startup SG to provide holistic support for start-ups and entrepreneurs. Such support ranges from co-investments and proof-of-concept grants, to mentorship and physical space.
- C14. Our start-up ecosystem is flourishing.

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<sup>3</sup> Source: Ministry of Trade and Industry, Department of Statistics.

- a. There are now over 220 venture capital deals per year in Singapore, worth close to US\$4.2 billion<sup>4</sup>. This is a significant rise from the 80 deals worth US\$136 million in 2012.
- b. Today, more than 150 global venture capital funds, incubators, and accelerators are based in Singapore, supporting start-ups here and in the region.

### Enabling Firms to Scale

- C15. Start-ups can only thrive if they scale up, and venture into new markets. To help them do so, we will provide support in three areas: providing customised assistance, better financing options, and supporting technology adoption.
- C16. Customised support can enable firms to identify and overcome the unique challenges they face, and scale up quickly.
- a. Enterprise Singapore will launch a **Scale-up SG programme** in partnership with the private and public sectors. Scale-up SG will work with aspiring, high-growth local firms to identify and build new capabilities, to innovate, grow, and internationalise.
  - b. To support innovation, we will launch a pilot **Innovation Agents programme**, for firms to tap on a pool of experts to advise them on opportunities to innovate and commercialise technology. (Refer to Annex C-1.)
- C17. Having smart, patient capital that attracts investors with the expertise and the right time horizon is another way to help firms scale-up. Over the past few years, the Government has worked on improving access to private capital for start-ups and SMEs. The pool of private equity and venture capital managers in Singapore has grown. The Monetary Authority of Singapore (MAS) has simplified the regulatory regime for venture capital managers, and launched a US\$5 billion private markets programme to encourage global private equity players to deepen their presence here.
- C18. To further deepen the pool of smart, patient capital:
- a. The Government has, since 2010, set aside \$400 million through two rounds of fund injections for the Co-Investment Programme (CIP) to invest in our SMEs, alongside the private sector. So far, the Government's investments have catalysed approximately \$1.3 billion of additional funding for our SMEs.
  - b. This year, I will set aside an additional \$100 million to establish **SME Co-Investment Fund III**. As part of the CIP, it will catalyse investment in Singapore-based SMEs that are ready to scale up. We expect that this will bring in at least \$200 million of additional funding. (Refer to Annex C-1.)
- C19. Loan financing remains an important source of funding for SMEs. Our banks have been responding. DBS provides a Business Capabilities Loan for innovative SME projects, UOB

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<sup>4</sup> Inclusive of spikes in venture capital investments arising from large deals.

provides financial support for technology investments and overseas ventures, while OCBC finances new SMEs which lack the track record typically required for credit assessment. To catalyse these further, we will enhance the accessibility of loans.

- a. Today, our economic agencies have different financing schemes. To make it simpler for companies, we will streamline the existing financing schemes offered by Enterprise Singapore into a single **Enterprise Financing Scheme** that will cover trade, working capital, fixed assets, venture debt, mergers and acquisitions, and project financing. This will be launched in October this year. (Refer to Annex C-1.)
  - i. In addition, the Enterprise Financing Scheme will provide stronger support for companies that have been incorporated for less than five years. The Government will take on up to 70% of the risk for bank loans to these young companies, compared to the current 50% under most existing loan schemes<sup>5</sup>.
- b. To support viable SMEs in their day-to-day operations, I will extend the **SME Working Capital Loan scheme** for about two more years, till March 2021. Since its launch in June 2016, the scheme has catalysed more than \$2.5 billion of loans. We expect the extension to catalyse a further \$1.8 billion. Support for working capital will be folded under the Enterprise Financing Scheme from October. (Refer to Annex C-1.)

C20. Our companies and workers must stay on top of rapid advances in technology, especially in digital technology.

C21. We will continue to help our SMEs adopt digital technologies:

- a. We launched the SMEs Go Digital programme in Budget 2017. Since then, around 4,000 SMEs have adopted pre-approved digital solutions.
- b. We will expand the **SMEs Go Digital programme**.
  - i. First, Accountancy, Sea Transport, and Construction will get their own industry digital plans, with more sectors to be added later. These will guide SMEs on relevant digital technologies and skills training programmes.
  - ii. Second, we will expand the number and range of cost-effective, pre-approved digital solutions that will be supported under SMEs Go Digital, to boost technology adoption among SMEs. (Refer to Annex C-1.)
- c. MAS and the Info-communications Media Development Authority (IMDA) will also jointly pilot a cross-border innovation platform for SMEs, known as the Business sans Borders, with an Artificial Intelligence-enabled marketplace to help our SMEs match with buyers and vendors globally.

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<sup>5</sup> The enhanced support for young companies will be reviewed by 31 March 2021.

- C22. To help companies in the services sector capture opportunities from digitalisation, the Ministry of Communications and Information launched a pilot of the **Digital Services Lab (DSL)** in November last year. The DSL brings together industry and the research community, to co-develop digital solutions with sector-wide impact.
- a. For example, the DSL is exploring the development of solutions to integrate the logistics chain for retail in malls. (Refer to Annex C-1.)
- C23. Besides digital technology, we will support our firms to integrate technologies and re-engineer business processes to raise efficiency and enhance product development.
- a. Last year, I announced the Productivity Solutions Grant (PSG), to help firms adopt off-the-shelf technology.
  - b. This year, we will extend the **Automation Support Package (ASP) by two years**. Introduced in Budget 2016, the ASP supports firms to deploy impactful, large-scale automation, such as robotics, Internet of Things solutions, and other Industry 4.0 technologies. Since its launch, the ASP has helped more than 300 companies to automate their operations and raise productivity. We will extend the ASP to encourage more companies to do so. (Refer to Annex C-1.)
  - c. The Agency for Science, Technology and Research (A\*STAR) will extend its operation and technology roadmapping efforts to more companies and sectors, to guide them to make the best use of technology in alignment with their business goals.
- C24. In the same spirit, our government agencies must embrace technology to serve companies better. We have made progress in this area.
- a. The Business Grants Portal, launched in 2017, provides a one-stop shop for businesses to identify and apply for the right grant for their plans.
  - b. To make it easier for businesses to transact with the Government, the Ministry of Trade and Industry, and relevant agencies are developing a one-stop portal, with a **pilot to be launched for the food services sector** by 3Q 2019. Businesses will deal with only one point of contact, instead of up to the 14 different ones today.
  - c. BCA and HDB are also testing the use of drones to inspect building facades more effectively.
  - d. Learning from these pilots, government agencies will continue to innovate, and improve the ease of doing business.

### Enterprise-Centric Approach

- C25. Let me now touch on other ways to help build deep enterprise capabilities.
- C26. We have more than 200,000 enterprises in Singapore, ranging from large MNCs to our neighbourhood shops.

- C27. Today, across each of the four pillars of our ITMs, different agencies provide support in each area. While helpful, companies have given feedback that we could streamline these. I agree. To better support this broad base of companies with diverse needs, we will draw resources from each agency, but focus support in an enterprise-centric way to better help enterprises at each stage of growth. This will be done in a tiered manner.
- a. Firms with large and complex needs or with strong growth potential will be provided a range of customised support by the Economic Development Board (EDB), Enterprise Singapore, and other agencies.
  - b. The large numbers of SMEs facing common challenges will be supported through scalable solutions that are easy to adopt. For instance:
    - i. I recently visited Precursor Assurance, a local accounting firm. Precursor has developed an integrated digital solution with modules for corporate functions, such as HR, customer relationship management, and finance. SMEs can simply plug-and-play, and scale up the use of these modules when they expand.
  - c. For medium-sized companies that are seeking to grow, we will provide targeted support, in each of the different industry clusters, to better address their needs as they grow.
- C28. The Minister for Trade and Industry will provide further details.

### Helping Our People Seize Opportunities

- C29. I have touched on the measures to support our enterprises to build deep capabilities so that they can succeed in the global competition. But our ultimate goal is to enable our people to continue to have good jobs and opportunities, and to be at their best. Hence, the second thrust of our economic transformation in this Budget is to deepen the capabilities of our workers.
- a. As the Chinese say, “活学活用，学以致用；终身学习，终身受用”. Our people need to be nimble to build industry-relevant skills throughout their lives.
- C30. We want our people to have the skills, knowledge, and attitude to adapt and thrive in this competitive and technology-intensive environment.
- a. In this regard, the leadership of companies plays a key role. The leaders of successful companies are those who are committed to raising the capabilities of their workers, by redesigning jobs and reskilling their staff. These capabilities are key to the companies’ successes.

- i. I recently visited FairPrice's distribution centre, which has adopted automated storage and retrieval systems to improve the efficiency of its online store operations.
- ii. Among the staff I spoke to were Mr Amzah Bin Mohammad Ali and Madam Lee Yin Fong. Between them, they have worked at FairPrice for 30 years. I asked how the new technology has impacted their work. They told me that FairPrice's training has helped them to quickly pick up new skills to make use of new systems, and their work environment is more pleasant and conducive.
- iii. FairPrice is a good example of how an enterprise can strive to serve her customers better, deploy technology and new ways of working, and at the same time, redesign jobs and reskill workers, so that everyone is better off.
- iv. Many enterprises are doing this, and I urge more to take this approach.

C31. On the part of the Government, we will continue to invest in our people across all stages of their lives, from pre-school, to work.

C32. Over the years, we have instituted a range of support measures for workers, including the Workfare Income Supplement, Special Employment Credit, and Professional Conversion Programmes (PCPs), to name a few.

- a. These range from helping low-wage workers and older workers through wage support, to equipping young graduates to have a good start in their careers, and enabling experienced professionals to access new jobs.
- b. In particular, NTUC has been working closely with its member unions and companies, to enable workers to learn new skills and grow.

C33. With the national SkillsFuture movement and the Adapt and Grow initiatives, we have made a stronger push to enable our people to reach their fullest potential throughout life, and help Singaporeans affected by restructuring.

C34. Our investments in supporting our people in their careers, including Adapt and Grow initiatives and continuing education and training, reached more than \$1.1 billion in FY2017<sup>6</sup>.

C35. Our people are making good effort to invest in their learning, with good outcomes.

- a. The percentage of residents in the labour force who participated in training grew from 35% in 2015, to 48% in 2018<sup>7</sup>.

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<sup>6</sup> Excludes expenditure on pre-employment training.

<sup>7</sup> Training participation rate is defined as the proportion of residents aged 15 to 64 in the labour force who had engaged in some form of job-related structured training or education activities over the 12-month period ending June. Source of data: Supplementary Survey on Adult Training, Manpower Research & Statistics Department, Ministry of Manpower.

- b. From 2016 to 2018, more than 76,000 jobseekers found employment through the Adapt and Grow initiative.

C36. Workers, firms, unions, and TACs all need to play a part to continue this progress.

- a. Workers need to embrace upskilling and reskilling, and make the most of new opportunities both locally and overseas.
- b. Firms must step up training and job redesign for their workers, as they are well-placed to know the skills that workers need as their sectors evolve.
  - i. One example is Mr Abdul Jalil Bin Idros, who started as a technical officer at YTL PowerSeraya. Over the years, the company sponsored his Bachelor's and Master's degrees in Electrical Engineering. Through continuous learning as he worked, Mr Abdul Jalil moved from maintenance to managing plant upgrading projects. He is now training his colleagues in cybersecurity and systems operations. He received the SkillsFuture Fellowships Award in 2018 for his exemplary efforts.
- c. Besides workers and firms, unions, TACs, and professional bodies need to spearhead the reskilling and the upskilling of workers in various sectors.
  - i. I am heartened by the Institute of Singapore Chartered Accountants' collaboration with the Singapore University of Social Sciences to develop the joint Business Analytics Certification programme. This programme, which was launched a year ago, equips accounting professionals with practical skills in data analytics.

C37. We will continue to enable our experienced professionals to build on their experience to move into new growth areas.

- a. Since the establishment of the PCP in 2007, over 100 PCPs have been launched in about 30 sectors. This year, we will launch **new PCPs** relating to blockchain, embedded software, and prefabrication to prepare our people to move into new growth areas.

C38. In 2015, we launched the **Career Support Programme** to provide wage support for employers to hire eligible Singaporeans who are mature and retrenched, or are in long-term unemployment. We will extend this programme for two years. (Refer to Annex C-2.)

C39. We must also ensure that the benefits of enterprise transformation are passed on to our workers.

- a. Starting from 1 Apr 2020, all transformation efforts supported by Enterprise Singapore's Enterprise Development Grant must include positive outcomes for workers, such as wage increases.



- b. I know that NTUC and the unions are putting in extra effort and resources to support our firms and workers in this.
- C40. Although some firms have done well to deploy their staff efficiently, productivity growth has been uneven across sectors.
- a. The manufacturing sector, which faces strong global competition, has done well.
  - b. In the services sector, while some firms have done well despite a tight labour market, some segments like F&B and Retail remain very labour-intensive.
  - c. Growth in S Pass and Work Permit holders in the services sector has also been picking up pace. The number has risen by about 3% per annum or 34,000 in the last three years. In particular, the S Pass growth in Services is the highest in five years. If this trend persists, foreign manpower growth will be on an unsustainable path.
- C41. We need to act decisively to manage the manpower growth in Services, and encourage our companies to revamp work processes, redesign jobs, and reskill our workers. Our workforce growth is tapering, and if we do not use this narrow window to double down on restructuring, our companies will find this even harder in the future. Relying on more and more foreign workers is not the long-term solution – other economies are developing too. What we need is to have a sustainable inflow of foreign workers to complement our workforce, while we upgrade our Singaporean workers and build deep enterprise capabilities in these sectors. We must enhance the complementarities of our local and foreign workers.
- C42. The basic approach to our foreign worker policies has remained consistent. Based on evidence on the pace of foreign worker inflows, and the progress being made in raising productivity across sectors, we need to calibrate our policies.
- C43. The Government recognises the economic headwinds and cost pressures ahead of us. But if we do not take action early, our firms will find it harder to compete in the years ahead, and our workers will be left behind.
- C44. After much deliberation, we will adjust the workforce quota for the services sector:
- a. **Reduce the services sector Dependency Ratio Ceiling (DRC)** in two steps, from 40% to 38% on 1 January 2020, and to 35% on 1 January 2021.
  - b. We will also **reduce the services sector S Pass Sub-DRC** in two steps, from 15% to 13% on 1 January 2020, and to 10% on 1 January 2021.
  - c. We are announcing these changes about a year ahead, to give companies time to prepare. For firms whose existing workers are in excess of the new limits, the DRC will apply as and when these firms apply for renewals of permits. (Refer to Annex C-3.)

- C45. To support firms as they adjust to these changes, we will put in place the following measures, till FY2022.
- a. First, the 70% funding support level for the Enterprise Development Grant was due to lapse after 31 March 2020. I will now **extend this enhanced funding support** for three more years, up to 31 March 2023.
  - b. Second, we will do the same for the **Productivity Solutions Grant**, and **expand its scope** to support up to 70% of the out-of-pocket cost for training. (Refer to Annex C-3.)
- C46. Separately, firms can continue to apply for additional manpower flexibilities in certain cases.
- a. The Lean Enterprise Development Scheme provides support to firms that undertake transformation projects which lead to more manpower-lean businesses. Transitional manpower flexibilities can be considered if firms need more resources in the short term to transit to new operating models.
  - b. On a case-by-case basis, firms can bring in foreign workers with specialised skills that are in demand globally. This is provided that they still face a shortage after having given fair consideration to Singaporeans.
- C47. The Minister for Trade and Industry and the Minister for Manpower will provide more details at the COS.
- C48. As the Marine Shipyard and Process sectors have only begun showing early signs of recovery, I will **defer the earlier-announced increase in Foreign Worker Levy rates** for these sectors for another year. (Refer to Annex C-3.)

### Partnering to Win

- C49. I have spoken on how Budget 2019 supports the building of deep enterprise capabilities, and the building of deep worker capabilities. Let me now touch on the third key thrust to support economic transformation – building deeper partnerships within Singapore, and across the world.
- C50. To succeed, companies need to both compete and cooperate – compete to differentiate themselves, and cooperate to solve common challenges.
- C51. Our TACs can play an important role in developing industry-wide capabilities. This includes supporting members in getting business advice, and improving access to local and international networks.
- a. TACs have done well in helping our companies build overseas partnerships. For example, the Singapore FinTech Association has forged many partnerships with foreign FinTech associations, and the Singapore Business Federation (SBF) has

organised Singapore's commercial participation at numerous overseas trade fairs including the 2018 China International Import Expo.

- b. The Singapore Chinese Chamber of Commerce and Industry has also developed the Trade Association Hub, which now houses 39 TACs, to raise the level of services for members. SBF is also working closely with our TACs.
  - c. We will strengthen our support for TACs through the **Local Enterprise and Association Development (LEAD)** programme. Enterprise Singapore will be developing five-year roadmaps with TACs that have demonstrated strong leadership and shown ambition to do more for the business community. This will enable them to take on a more strategic and longer-term approach in driving industry transformation. These TACs will be able to access funding and potentially take in public sector secondees through LEAD.
- C52. We will also develop stronger partnerships around the world, at the Government-to-Government and Business-to-Business levels. Our TACs, such as the SBF, have developed international linkages for our businesses.
- C53. Over the years, we have negotiated Free Trade Agreements (FTAs) with partner economies, which enlarge our businesses' access to new markets.
- a. Just last week, the EU-Singapore Free Trade Agreement (EUSFTA) and the EU-Singapore Investment Protection Agreement (EUSIPA) received the European Parliament's consent with a clear majority.
- C54. To draw greater value from these trade networks, we will streamline and digitise our trade processes further to raise efficiency. This will enable easier access to overseas markets, and help our firms make better use of these FTAs.
- a. Last year, I launched the Networked Trade Platform (NTP), to streamline trade processes and provide a one-stop information management system for traders.
  - b. We will also be working with partners **to facilitate the secure exchange of electronic trade documents**, to unlock further productivity gains.

### Global-Asia Node of Technology, Innovation and Enterprise

- C55. Members will appreciate that the three key thrusts I have just announced – building deep capabilities in our enterprises, and in our people, and forging deep partnerships – build on the ITMs that I announced in Budget 2016. With the progress we have made, we are better prepared for major changes that are coming our way.
- C56. One major change is the speed of advancements and convergence of new technologies – it is what some have dubbed the Fourth Industrial Revolution or Industry 4.0. This will transform the way we invest, trade, and consume.

- C57. Over the years, we have forged deep partnerships with the G3 economies of US, Europe and Japan, as well as China, India and ASEAN. With the centre of economic gravity shifting to Asia, and with the technological depth of our partnerships with the G3 economies, we should position Singapore as “Asia 101” for global MNCs looking to expand into Asia’s growing markets, and as “Global 101” for Asian companies ready to go global.
- C58. For our next phase of growth, as we press on with industry transformation, we will continue to build Singapore’s position as a Global-Asia node of technology, innovation and enterprise. This will open up new opportunities for our firms and our people to ride on the wave of the Fourth Industrial Revolution.
- C59. Our efforts to achieve this will build on the same three key thrusts as laid out for the broader economic transformation. First, investments in research and innovation by our universities, research institutes, and our firms; second, investments in our people; and third, building global partnerships.
- C60. First, we will continue to invest in R&D to support the push to make innovation pervasive. We have set aside \$19 billion as part of our five-year Research, Innovation, and Enterprise 2020 plan. Our investments in R&D in our universities and research institutes are bearing fruit.
- a. NUS and NTU are ranked the best in Asia in areas such as materials science and chemistry, and among the top 50 globally for engineering and computer science. Many of our researchers are regarded by their peers as among the world’s best, especially in areas such as artificial intelligence, quantum technologies, and biomedical sciences.
  - b. A\*STAR has research institutes that are highly regarded. Together with our universities they are actively working to translate research findings into innovation, in partnerships with industries.
- C61. But for R&D to make an impact, our companies must take the lead. Members of this house will be encouraged to know that some sectors are moving ahead – including two ‘old economy’ sectors.
- C62. First, despite digital advancements, we still need brick-and-mortar buildings.
- a. The Construction sector, seen as low-tech and labour-intensive, is now using Integrated Digital Delivery<sup>8</sup>. This makes use of Building Information Modelling and other digital technologies, connecting different players working on the same construction projects. This has raised productivity and created new high-value

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<sup>8</sup> Integrated Digital Delivery taps on Building Information Modelling (BIM) to allow architects, engineers, contractors, and facility managers to share information and collaborate. It raises productivity, and creates new, high value jobs such as 3D digital modellers, data analysts, and computational specialists.

jobs such as 3D modellers. Site productivity has improved by about 15% over the last eight years.

- C63. Second, in the digital age, we still need food, not just bits and bytes. The agriculture and food production sectors are transforming.
- a. For example, AVA's Marine Aquaculture Centre and Temasek Life Sciences Laboratory have developed the "St John's Sea Bass". This fish is less susceptible to disease, and can be bred in 30% less time. A start-up Allegro Aqua is looking to bring more St John's Sea Bass to the world.
  - b. Another example is Temasek Life Sciences Laboratory's "Temasek Rice", which produces four times as much rice per hectare as compared to regular breeds of rice.
  - c. To tap on the demand for high-quality food, and to build on our progress, Enterprise Singapore's investment arm, SEEDS Capital, has appointed seven partners to co-invest in Singapore-based agri-food start-ups, to catalyse more than \$90 million of investments.
- C64. Leading MNCs and our large local companies are also establishing their R&D centres in Singapore, in different areas of technology. We now have 14 corporate laboratories in our universities, doing cutting-edge work from cyber-physical systems to power electronics.
- a. Last year, we opened four corporate labs with major companies – Applied Materials, HP, Wilmar, and Surbana-Jurong – to work on advanced manufacturing, biochemicals and smart cities.
- C65. I recently visited LUX Photonics Consortium, which brings together researchers in NUS, NTU, A\*STAR, and the industry to translate cutting-edge photonics research into practical applications.
- a. There, I met Nanoveu, a Singapore start-up specialising in nanotechnology applications. One of its prototype products, a high-tech screen protector, promises to allow long-sighted users to see clear images on digital devices without their glasses. And to see 3D objects from 2D films, that is another project. I am sure this House will support the enabling of us to see issues, far or near, with greater clarity!
  - b. I also met Technolite. Our Helix Bridge, and new buildings such as the Jewel at Changi Airport, are lit in scintillating ways by Technolite. The company is embarking on R&D, to take its products to a new level.
  - c. So I wish Nanoveu and Technolite success, to light up our lives and to let us see better!

C66. To keep the momentum going, we will continue to invest in Centres of Innovation at our Institutes of Higher Learning (IHLs) and research institutes, and to support companies in innovation.

- a. Enterprise Singapore is collaborating with industry partners to establish a **Centre of Innovation in Aquaculture** at Temasek Polytechnic to promote aquaculture. This Centre will bring together aquaculture firms to improve our food resilience.
- b. Enterprise Singapore will also launch a **Centre of Innovation in Energy** at NTU, building on earlier investments at the Energy Research Institute at NTU (ERI@N). The centre will collaborate with the Sustainable Energy Association of Singapore to drive industry-led innovation in areas such as energy efficiency, renewable energy, and electric mobility. (Refer to Annex C-1.)
- c. We will share more about these exciting new research initiatives at the Research, Innovation, and Enterprise Council meeting next month.

C67. The spirit of entrepreneurship is critical for all these endeavours – having a vision of the future, and taking practical actions, day-in, day-out, to explore a range of possibilities and solve a myriad of problems. It is the grit and determination of our entrepreneurs that make a difference.

- a. Mr Sim Wong Hoo, CEO of Creative Technology, brought us the popular Sound Blaster cards in the 1990s.
  - i. Creative Technology went through a difficult patch after its initial success with the Sound Blaster, but Mr Sim and his team pressed on. After 20 years of R&D costing US\$100 million, the company recently launched the Super X-Fi, a technology that recreates the holographic sound experience – or 3D sound – with headphones, personalised. It has already won 14 awards at the 2019 Consumer Electronics Show in the US. Having tried it myself, and having heard the endorsement of audiophiles, including some in this chamber, I am happy that Mr Sim and his team are at the cusp of a major breakthrough. And I wish them every success.
  - ii. Mr Sim’s story illustrates the point that to succeed, we must learn, we must walk the ground, and we must persist.

C68. I have touched on our efforts in Research, Innovation, and Enterprise. Singapore as a Global-Asia node will bring new opportunities for our people, in new frontiers. The second thrust is to prepare and develop our people to make full use of this node. We are partnering firms to invest in our people, including young Singaporeans, to provide them with opportunities to gain working experience abroad.

- a. For students who are currently in IHLs, we will combine the current local and overseas internship programmes into a single **Global Ready Talent Programme**. It will have enhanced funding support for our students interning overseas with Singapore firms.

- b. The programme will also support high-growth Singapore firms to send Singaporeans with up to three years of working experience, for postings in key markets such as Southeast Asia, China, and India. (Refer to Annex C-2.)
  - c. By giving young Singaporeans overseas exposure, they can develop new skills to better support our firms' overseas expansion.
    - i. For instance, Oceanus Group, a local seafood supplier, sent interns from Republic Polytechnic to its operations in China in a range of jobs. One of their former interns, Bernice Chan, is now a management trainee in Oceanus' farm in Fotan, China.
- C69. Our third thrust is to build global partnerships, so that our firms and people can forge new areas of collaboration with other innovation centres.
- C70. In Budget 2017, we started the Global Innovation Alliance (GIA), one of the Committee on the Future Economy's recommendations. We have now established nine nodes in global start-up hotspots, such as Bangkok, Beijing, Berlin, Jakarta, and San Francisco. These GIA nodes give our entrepreneurs and students opportunities to learn and build networks globally.
- C71. We are also bringing the global innovation community to come together in Singapore, to explore and collaborate.
- a. Last year, we held the third edition of the Singapore FinTech Festival. This is now the world's largest FinTech event<sup>9</sup>. As part of this Festival, the Global Investor Summit brought together investors on our Meet ASEAN's Talents and Champions (MATCH) platform. These investors expressed an interest to invest up to US\$12 billion in ASEAN enterprises in FinTech, info-communications technology, and MedTech over the next three years.
  - b. Another technology event, the Singapore Week of Innovation and Technology (SWITCH) brought together more than 350 exhibitors, and 1,000 promising start-ups and financiers from 75 countries.
  - c. To maximise impact, this year, **SWITCH and the Singapore FinTech Festival** will be held in the same week in mid-November. We can draw in even more entrepreneurs, investors, innovators, from around the world, to explore and collaborate in technology innovation in this Fourth Industrial Revolution.

### Our Continued Commitment to Economic Transformation

- C72. These various programmes on economic transformation and jobs build upon our efforts and investments over the years.

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<sup>9</sup> In 2018, the festival had over 500 exhibitors, 250 speakers, and 45,000 delegates from over 127 countries.

- C73. To summarise, our economic transformation is progressing well. But, we must persist with our industry transformation efforts. At the same time, the pace of technological innovation is rapid, and global economic weight is shifting towards Asia. We will position Singapore as a Global-Asia node of technology, innovation and enterprise.
- C74. Economic transformation is critical. We expect to spend \$4.6 billion over the next three years on the new and enhanced economic capability-building measures in Budget 2019, and to support Singaporean workers. \$3.6 billion will go towards helping our workers to thrive amid industry and technological changes<sup>10</sup>. \$1 billion will go towards helping firms build deep enterprise capabilities. But let me emphasise that supporting companies and supporting workers are mutually reinforcing – stronger companies provide better jobs and pay for workers, and highly skilled workers make companies stronger.
- C75. I am confident that we can continue to make good progress. Our enterprises and TACs, workers and unions, and the Government must continue to work closely together. As long as we stay relevant and useful to the world, we can continue to create opportunities for our people and enterprises.

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<sup>10</sup> This refers to the jobs and skills budget set aside for the Ministry of Manpower and the Ministry of Education.



## A CARING AND INCLUSIVE SOCIETY

- D1. I have spoken about how we invest to secure our home and grow our economy. At the heart of these efforts is the desire to improve the lives of current and future generations of Singaporeans.
- D2. Our approach to social development has served us well.
- a. We invest heavily to bring out the best in our people.
  - b. We believe that access to quality education enables Singaporeans to realise their potential.
  - c. We strive to ensure that all Singaporeans, regardless of background, enjoy a quality living environment and have good access to healthcare.
  - d. And, we provide targeted support to those who are less advantaged, so that they can have a fair chance to succeed; and to those who fall on hard times, so they can bounce back.
  - e. Our efforts were affirmed by the World Bank when they ranked Singapore top in the Human Capital Index last year<sup>11</sup>.
- D3. We recognise that Singapore, like many advanced economies, will have to deal with issues such as:
- a. Maintaining social mobility;
  - b. Supporting healthy and purposeful ageing;
  - c. And fostering a stronger sense of unity amid polarising forces.
- D4. Over the past decade or so, we have significantly increased our social spending.
- a. Social ministries' expenditures have doubled from \$15 billion in FY2009, to \$30 billion in FY2018<sup>12</sup>.
- D5. The social measures in Budget 2019 are part of our long-term plan to build a caring and inclusive society. They are driven by three main strategies:
- D6. First, uplifting Singaporeans to maximise their potential and providing access to opportunities through their stages of life.
- a. We pay particular attention to children from disadvantaged backgrounds, to give them a good start in life.

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<sup>11</sup> Source: World Bank Group's The Human Capital Project, 2018.

<sup>12</sup> Social ministry expenditures include Education; Health; Culture, Community and Youth; Social and Family Development; Communications and Information; and Manpower (Financial Security).

- b. With increasing lifespans, we are helping older Singaporeans stay in the workforce, so that they can earn and save more for retirement.
- D7. Second, providing greater assurance for healthcare.
- a. We will continue to strengthen support for the healthcare needs of Singaporeans.
  - b. In particular, we want to help our seniors stay active, healthy, and engaged in their silver years.
- D8. Third, fostering a community of care and contribution, through strong partnerships.
- a. We strive to nurture an ethos in our society, where we support one another, and give a helping hand where we can.
  - b. Those who succeed should help to uplift others, just as they have benefitted from the support of others around them.
  - c. As the Chinese say, “同舟共济，共创未来”. We are in the same boat, and weather the storms together. We progress together, and forge our future together.

### **Uplifting Every Singaporean**

- D9. I will first talk about how we are supporting our children, workers, and seniors to access the best opportunities, through each stage of life.

### **Strengthening Support in Education**

- D10. We invest heavily to provide a world-class education for young Singaporeans. This is to bring out the best in every child, no matter his or her starting point.
- a. I know that this is an area of deep concern for many Singaporeans. Many of you expressed this during feedback sessions, and through your actions in giving time and money to help children in need.
  - b. Pre-schools support parents in laying a strong foundation for children – by helping to develop children’s cognitive, language, social, and emotional skills.
    - i. Therefore, we are spending more to enhance the accessibility, affordability, and quality of early childhood education and care.
    - ii. The Government spent about \$1 billion on the pre-school sector in 2018. This is more than two and a half times of the \$360 million that we spent back in 2012.
  - c. And this support continues throughout the schooling years.

- i. The Government subsidises over 90% of the total cost of educating our children.
    - ii. This means that a child entering primary school in 2018 will receive over \$130,000 in education subsidies by the time he or she completes secondary education.
  - d. Children from lower-income families get even more support, for example, through the recently enhanced MOE Financial Assistance Scheme.
- D11. We have been doing more to better support children from disadvantaged backgrounds, by intervening earlier, with new forms of proactive and targeted support.
- D12. One such effort is KidSTART.
- a. KidSTART practitioners, pre-schools, and community partners work together to provide health, learning, and developmental support for children and their families.
  - b. Since the pilot began in 2016, more than 900 families have been supported by KidSTART.
- D13. Last year, we set up the Uplifting Pupils in Life and Inspiring Families Taskforce (UPLIFT).
- a. This taskforce will pilot upstream interventions and partner communities to help disadvantaged children and their families, to ensure that no child is left behind.
  - b. A recent initiative is the UPLIFT scholarship for Independent Schools.
    - i. This will provide a monetary award of \$800 per year for eligible lower-income students in Independent Schools, to cover their out-of-pocket expenses.
  - c. The taskforce is also looking at how to **strengthen after-school care and support** for disadvantaged students in school-based Student Care Centres.
  - d. The Minister for Education will speak about this and other initiatives spurred by UPLIFT at the COS.

### Supplementing Incomes of Lower-Wage Workers

- D14. Our support for Singaporeans continues into their working lives.
- D15. Workfare and Silver Support, is a key pillar of our social security system. The two schemes supplement incomes and mitigate inequality in the working and retirement years respectively.
- a. The Workfare Income Supplement (WIS) scheme provides cash payouts and CPF top-ups for workers whose earnings are in the bottom 20%, with some support

for those slightly above. The scheme has raised their incomes, encouraged employment, and helped them save more for retirement.

- b. We will **enhance WIS** to better support lower-wage workers.
  - i. From January 2020, the qualifying income cap will be raised from the current \$2,000 to \$2,300 per month.
  - ii. The maximum annual payouts will also be increased by up to \$400. Older workers will see higher increases in payouts.
  - iii. For example, workers aged 60 and earning \$1,200 a month will now receive \$4,000 per year from WIS, or almost 30% of their wages.
  - iv. These enhancements will cost an additional \$206 million a year.
  - v. In total, we expect the enhanced WIS to cost close to \$1 billion a year, and benefit almost 440,000 Singaporeans. (Refer to Annex D-1.)

### Supporting Older Workers

- D16. As our society ages, older workers will make up an increasing share of our workforce.
  - a. Today, about one in four of our workforce is aged 55 and above. They continue to make important contributions to our economy and society.
  - b. Some are giving back by mentoring the younger generations, while others wish to continue working.
- D17. We are doing more to help older Singaporeans earn more, save more, and have greater peace of mind during their retirement years.
- D18. I appreciate the concerns and suggestions regarding the retirement adequacy of older workers, raised by members of the public and the PAP Seniors Group, among others. And I thank the Members of this House for your views during the recent debate on the motions on ageing with purpose and support for caregivers.
- D19. The Government has set up a **Tripartite Workgroup to study the concerns of older workers**.
  - a. The Workgroup is reviewing policies such as the retirement and re-employment age, and the CPF contribution rates of older workers.
  - b. They will present their recommendations later this year.
- D20. To support employers in hiring older Singaporean workers, the Government introduced the Special Employment Credit (SEC) scheme in 2011.
  - a. Since then, we have extended and made changes to the SEC in response to labour market and economic conditions.

- b. We have also introduced an Additional SEC (ASEC) scheme, to encourage employers to hire workers who are above the re-employment age.
  - c. I am happy that companies have responded by hiring older workers, tapping on their experiences, and supporting them in upgrading their skills.
- D21. With a tighter labour market, and more Singaporeans choosing to work longer, more companies will be hiring older workers.
- D22. The Government will study better forms of support to continue to help workers to remain productive, earn more, and save more for retirement.
- a. We will review the relevance and structure of the SEC and ASEC, in tandem with the recommendations from the Tripartite Workgroup on Older Workers.
  - b. In the meantime, I will **extend the SEC and ASEC** for another year, until 31 December 2020.
  - c. To support this extension, I will top up the SEC Fund by \$366 million.
- D23. Taken together, Members will see that the Government has been making significant investments in education and employment for our people, from early childhood to the working years.
- a. Our aim is to help Singaporeans fulfil their potential at each stage of life.
  - b. We are improving the lives of our people, by enabling them to be the best that they can be. We enhance our people's sense of well-being and dignity, without the burden of welfare schemes elsewhere, which weaken people's sense of agency and independence.

### Greater Healthcare Assurance

- D24. As more Singaporeans enter their senior years, healthcare needs will grow.
- a. Over the years, we have implemented major changes to make healthcare more affordable, accessible, and comprehensive.
  - b. We have also been providing greater social support within the community to help seniors stay active, through programmes such as the PA Wellness Programme and the Community Networks for Seniors.
- D25. Our second social strategy is to provide greater healthcare assurance.

### More Affordable Care, Closer to Homes

- D26. First, doctors at our neighbourhood clinics provide primary care that is easily accessible. This helps us stay healthy. To enhance access, we will make it more affordable to consult doctors in our neighbourhoods.

- a. We introduced the Community Health Assist Scheme (CHAS) in 2012.
  - i. CHAS subsidies help lower- to middle-income families by making primary care and basic dental care at clinics near their homes more affordable.
  - ii. Over 97% of existing CHAS and Pioneer Generation cardholders have access to more than one CHAS clinic within 10 minutes from their homes.
- b. We will **enhance CHAS** subsidies at GP clinics in three ways:
  - i. As the Prime Minister announced at the National Day Rally last year, we will extend CHAS to cover all Singaporeans for chronic conditions, regardless of income.
  - ii. Second, lower- to middle-income Singaporeans who are CHAS Orange cardholders currently receive CHAS subsidies for chronic conditions only. We will extend subsidies for common illnesses to this group.
  - iii. Third, we will increase the subsidies for complex chronic conditions.
- c. CHAS makes it possible for more Singaporeans to turn to GP clinics near their homes to manage their chronic conditions.
  - i. But we must also put in the measures to ensure that CHAS clinics are delivering good outcomes.
  - ii. To this end, the Ministry of Health (MOH) will be looking at how to **help CHAS clinics better track their patients' progress and outcomes**.
  - iii. In a similar vein, MOH will also **review its clinical guidelines for care provided at CHAS dental clinics**, to ensure that the care delivered is appropriate to the needs of the patient.
- d. With these changes, we expect to pay out more than \$200 million a year in CHAS subsidies. The Minister for Health will provide more details on these changes at the COS.

### Financial Protection for Long-Term Care

D27. A second way to provide greater healthcare assurance is that we will strengthen financial protection for long-term care.

- a. As we age, the chances of having one form of disability or another rises significantly.
  - i. MOH estimates that one in two healthy Singaporeans aged 65 could become severely disabled in their lifetime, and may need long-term care.
- b. Some of us face a higher risk, some lower. But regardless, low risk does not mean no risk.

- c. The best way of protecting ourselves is to lead a healthy lifestyle, and take preventive actions.
  - d. At the same time, we need to guard against unpredictable events. The most efficient way is to help one another, by pooling risk through an insurance scheme.
- D28. Today, we have MediShield Life, for all Singaporeans, to provide financial protection against large hospital bills, for life.
- a. As we live longer, there is a higher chance that we will need long-term care towards the end of our lives. We need to prepare for this.
- D29. The Ministry of Health has announced that it will be introducing the new CareShield Life from 2020, an enhancement of the current ElderShield scheme.
- a. CareShield Life will provide lifetime coverage, with higher monthly payouts of at least \$600 a month for those who become severely disabled. This offsets the costs of long-term care for individuals and their families.
  - b. The Government will provide subsidies and premium support to ensure that CareShield Life premiums are affordable.
  - c. We will also offer participation incentives for existing cohorts, born in 1979 or earlier, to join CareShield Life, so that they are better protected should they need care in the future.
  - d. CareShield Life will offer much greater peace of mind for Singaporeans.
  - e. In addition, we will also launch ElderFund next year, to help severely disabled, lower-income Singaporeans who need additional financial support for long-term care. This includes those who might not be able to join CareShield Life, or have low MediSave balances.
- D30. The cost of long-term care is not only high, but will increase as our population ages.
- a. Last year, I earmarked \$2 billion for premium subsidies and other forms of support for Singaporeans.
  - b. This year, I will **set aside another \$3.1 billion**.
  - c. The Government will put this \$5.1 billion into a new Long-Term Care Support Fund. This will help fund the CareShield Life subsidies and other long-term care support measures, such as ElderFund.
  - d. This is a significant commitment to help Singaporeans with their long-term care needs.

## Merdeka Generation Package

D31. As the Prime Minister mentioned at the National Day Rally last year and the Tribute event earlier this month, we would also like to express our appreciation and support for our Merdeka Generation.

- a. The Merdeka Generation is a resilient and independent generation.
  - i. They played a critical role in our nation's development.
  - ii. The Merdeka Generation was among the earliest batches to serve National Service, build up our public services, and modernise our economy.
  - iii. They came together to forge our multi-cultural, multi-racial society.
- b. One member of the Merdeka Generation is Ms Barbara D' Cotta.
  - i. Ms D' Cotta started work as a special education teacher at the age of 19 to help support her mother. In 1984, she was among the first batch of teachers to attain a Certificate in Special Education. Throughout her life, she continued learning, and completed her Bachelor in Special Education in 2016, at the age of 57!
  - ii. Today, she is a Specialised Teacher for students with hearing deficiencies and a volunteer interpreter. She is also pursuing her Master of Special Education. She is an excellent example of lifelong learning and giving.
- c. I am glad to have met Ms D' Cotta and many others who built our nation, at our Merdeka Generation Tribute event.
- d. They continue to be an active generation, contributing in their various capacities – at work, in the community, caring for their families, and learning something new.

D32. The **Merdeka Generation Package** is a gesture of our nation's gratitude for their contributions and a way to show care for them in their silver years. It will provide them better peace of mind over future healthcare costs, while helping them to stay active and healthy.

D33. The Merdeka Generation Package, or MGP, comprises five key benefits.

- a. First, to support their active lifestyles, all Merdeka Generation (MG) seniors will receive a one-time **\$100 top-up to their PAssion Silver cards**.
  - i. They can use this to pay for activities and facilities at the Community Clubs, entry to public swimming pools, public transport, and more.
  - ii. We will also work to introduce more active ageing opportunities for seniors, such as lifelong learning under the National Silver Academy and volunteerism under the Silver Volunteer Fund.



- b. Second, we will provide a **MediSave top-up** of \$200 per year for five years. This will start from this year until 2023.
  - i. This will help them save more for their healthcare needs. This is on top of the GST Voucher – MediSave top-ups that eligible seniors aged 65 and above receive every year.
- c. Third, MG seniors will receive additional subsidies for **outpatient care**, for life.
  - i. They will receive **special CHAS subsidies**, for common illnesses, chronic conditions, and dental procedures. The subsidy rates will be higher than the CHAS Blue subsidies. All MG seniors will receive these enhanced subsidies, regardless of income, including those who do not have a CHAS card today.
  - ii. At **polyclinics** and public **Specialist Outpatient Clinics**, they will receive 25% off their subsidised bills. This is on top of the prevailing subsidies available.
- d. Fourth, MG seniors will have additional **MediShield Life premium subsidies**, for life.
  - i. All MG seniors will receive subsidies for their premiums, starting from 5% of their MediShield Life premiums, and increasing to 10% after they reach 75 years of age.
  - ii. This is on top of the means-tested subsidies that lower- to middle-income Singaporeans are already receiving. (See Table D-1.)

Table D-1: Additional Merdeka Generation Premium Subsidies for MediShield Life

| Age Next Birthday<br>(at policy renewal) | Additional Subsidy for the<br>Merdeka Generation* | Total Subsidy*   |
|--|---|------------------|
| 60 to 75                                 | 5% of annual premiums<br>(\$31.50 to \$48.75)     | \$31.50 to \$390 |
| 76 and above                             | 10% of annual premiums<br>(\$113 to \$153)        | \$113 to \$918   |

\* Dollar amounts shown are based on 2019 standard MediShield Life premiums. The total subsidy includes the existing premium subsidies that Merdeka Generation seniors in lower-to-middle-income households are also receiving, but excludes transitional subsidies.

- e. Finally, we will provide an **additional participation incentive of \$1,500 for MG seniors who join CareShield Life**, when it becomes available for existing cohorts in 2021.
  - i. In addition to the \$2,500 previously announced, this means that all MG seniors who join CareShield Life will receive participation incentives totalling \$4,000 each.
  - ii. This will cover a significant portion of their premiums, and is on top of the regular means-tested premium subsidies.

- iii. I hope that this will encourage our MG seniors to join CareShield Life, to have peace of mind against the risk of high long-term care costs.

D34. The Merdeka Generation Package will benefit close to 500,000 Singaporeans.

- a. Those born in the 1950s and who obtained citizenship by 1996 will be eligible for the MGP.
- b. In addition, we will extend the MGP benefits to those born in 1949 or earlier, but missed out on the Pioneer Generation Package (PGP), if they obtained citizenship by 1996.
- c. All eligible seniors will receive the MGP benefits, regardless of their income.
- d. They will be notified by April 2019, and will receive their Merdeka Generation cards starting from June 2019.
- e. The Minister for Health will provide further details and the implementation timeline for the MGP benefits at the COS.

D35. The Merdeka Generation is aged 60 to 69 today.

- a. Singaporeans' lifespans are increasing – our life expectancy is now 84.8 years<sup>13</sup>.
- b. This is good news. It also means the Merdeka Generation will be able to enjoy the benefits for many years.
- c. The Ministry of Finance and MOH, in sizing the budget for these benefits, have taken this into account.

D36. We estimate that the package will cost over \$8 billion, in current dollars, over the Merdeka Generation's lifetimes.

- a. This Budget, I will set aside **\$6.1 billion for a new Merdeka Generation Fund**.
- b. With interest accumulated over time, this will cover the full projected costs of the Merdeka Generation Package.
- c. The Merdeka Generation will enjoy many key healthcare benefits for life. We hope that this will go some way in providing greater peace of mind for the Merdeka Generation and their families.
- d. This is a significant commitment by the Government.
- e. It is important that the Government of the day continues to monitor the patterns and cost of healthcare utilisation, and life expectancy over the next 30 years or more, so that the Government is able to meet this commitment.

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<sup>13</sup> Source: Global Burden of Disease 2017, Institute for Health Metrics and Evaluation.

### Five-Year MediSave Top-ups

- D37. To better prepare for increasing lifespans, we should encourage everyone to set aside something for the future.
- D38. To help Singaporeans who are younger than the Merdeka Generation with their future healthcare expenses, I will provide MediSave top-up of \$100 a year, for the next five years, for Singaporeans who are:
- a. Aged 50 and above in 2019;
  - b. And who do not receive the MGP or the PGP. (Refer to Annex D-2.)
- D39. This is a generation who are even younger and healthier, and I hope that everyone will make the extra effort to stay active and healthy.

### A Community of Care and Contribution

- D40. Our third social strategy is to foster a community of care and contribution, and build strong partnerships in our society.
- D41. The Government will continue to make every effort to care for our seniors, the disadvantaged, and vulnerable families.

### ComCare Long-Term Assistance and Singapore Allowance

- D42. The **ComCare Long-Term Assistance**<sup>14</sup> scheme provides basic monthly cash assistance to those who are permanently unable to work and have little family support, to support their living expenses. Additional assistance is provided for households with additional needs, such as medical supplies.
- a. We will **raise the cash assistance rates** for this scheme.
  - b. For example, a two-person household, where both are on ComCare Long-Term Assistance, will receive an additional \$130 a month. This brings the total cash assistance to \$1,000 a month.
  - c. The Minister for Social and Family Development will provide more details at the COS.
- D43. To help government pensioners who draw lower pensions, we will **increase the Singapore Allowance and monthly pension ceiling** by \$20 per month each, to \$320 and \$1,250 respectively. This will benefit about 9,300 pensioners.

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<sup>14</sup> Also known as Public Assistance.

## SG Cares

- D44. Working alongside the Government, individuals, non-profit organisations, and corporates have all been playing their part – contributing their skills, their time, and their hearts.
- D45. As we reflect on our history and culture in this bicentennial year, we see this spirit of helping one another as a community in action over time.
- a. In the past, our forefathers who arrived in Singapore banded together mainly within their ethnic groups, forming various clans and associations, as the support of the Government then was inadequate.
  - b. Today, I am glad that this spirit extends across ethnic and religious lines in our society.
  - c. In the last few months, we have received many good suggestions from members of the public on cultivating this community spirit to help those in need.
  - d. As our society ages and new needs emerge, we hope everyone will lend a helping hand.
- D46. One good example is Mr Shaleem Khamalluden and his friends from PALS Singapore. PALS stands for Peace and Love Society, a non-profit organisation that provides a support network for Singaporean youths from all backgrounds.
- a. Through sports events and workshops, Shaleem and other like-minded volunteers have been helping young Singaporeans learn skills to overcome challenges such as bullying and cyber-addiction.
  - b. To date, they have touched the lives of about 800 youths.
- D47. Another example is Dr Rose Sivam, who started *My Home, Your Home*.
- a. With her husband as the chef, Rose and her family bring together people from various backgrounds, including those with disabilities and children with special needs, to share a meal in her home.
  - b. This is another good example of our community spirit – how we care for the less privileged and build unity in our diversity.
- D48. I am heartened that many other Singaporeans, too, have stepped forward in their own ways to make a difference within their community, and I encourage everyone to do their part.
- D49. I spoke about the SG Cares movement at last year's Budget.
- a. It seeks to bring together the public, people, and private sectors in partnership;
  - b. Create a greater collective impact;

- c. And grow as a community of care and contribution.
- D50. This year, we continue to **build on the SG Cares movement**. We will have three measures to mobilise our people across all age groups, and across the public, private, and people sectors.
- D51. First, growing the spirit of volunteerism in our youth.
- a. Many of our secondary school students are already active volunteers, and are giving back to the community.
  - b. We want to sustain this momentum, as they move to IHLs, and later into the workplace.
  - c. We are working with Youth Corps Singapore to **nurture youth community leaders in our IHLs**, who can in turn rally their peers to be involved in the community on a sustained basis.
- D52. Second, our seniors have an abundance of skills and experience to make meaningful contributions.
- a. To enable more of them to do so, we will work with community partners and companies to encourage **volunteerism among older workers**.
  - b. This will also enable our seniors to stay active and contribute to the community, at work and when they retire.
- D53. Third, the Government is encouraging all public officers to volunteer, under the **Public Service Cares** initiative.
- a. Today, each ministry has a senior officer, appointed as the Giving Ambassador, to champion volunteerism. More than 85% of public officers are making monthly donations.
  - b. Going forward, Public Service Cares will strengthen capabilities in Corporate Social Responsibility, and create larger-scale and sustained volunteering opportunities for public officers across agencies. For example, they can take part in house visits to share healthcare and active ageing schemes, or guide seniors in using their mobile devices at digital clinics.
  - c. This will also help Public Service officers to better understand citizens' needs, and co-deliver services with the people and private sectors.
  - d. This is the Public Service's contribution to the SG Cares movement.
- D54. The Minister for Culture, Community and Youth will be sharing more on SG Cares at the COS. (Refer to Annex D-3.)

## Commemorating Our Bicentennial

D55. The spirit of giving back has a special meaning this year, as we commemorate the Singapore Bicentennial.

D56. Therefore, I will launch two special initiatives in support of this.

D57. First, I will set aside \$200 million for a **Bicentennial Community Fund**.

- a. Today, we encourage individuals and corporates to give back to the community in various ways.
  - i. Donations to Institutions of a Public Character (IPCs) qualify for a 250% tax deduction.
  - ii. Businesses also enjoy a 250% tax deduction on qualifying expenditure when their employees volunteer or provide services to IPCs, under the Business and IPC Partnership Scheme.
- b. The new Bicentennial Community Fund will provide dollar-for-dollar matching for donations made to IPCs in FY2019.
  - i. With this, we hope to further encourage more Singaporeans, including younger Singaporeans, to embrace the spirit of giving back.
  - ii. At the same time, we are encouraging IPCs to reach out to more donors.
  - iii. The fund will be designed to ensure a good distribution of support for all donations to IPCs which currently do not receive government matching, and to increase the impact of the good work they are doing.
- c. We have also enhanced our one-stop platform, Giving.sg, to better match donors and volunteers with meaningful causes.
  - i. This platform provides charities with an easy and secure way to establish an online presence, and to receive donations digitally.
  - ii. Donors, too, can quickly navigate and find a worthy cause that matches their passion and commitment, and start on their giving journey.
- d. Details will be shared by the Ministry of Culture, Community and Youth at a later date.

D58. Second, I will introduce a \$1.1 billion **Bicentennial Bonus**.

- a. From time to time, when our finances allow, we share the surpluses with Singaporeans, and provide more help to those with specific needs.
- b. With this Bonus, I hope that all Singaporeans, young and old, will join us to commemorate this significant moment in Singapore's history.
- c. The Bicentennial Bonus has several components (refer to Annex D-4):

- d. For lower-income Singaporeans, I will provide additional help with their daily living expenses.
  - i. I will provide up to \$300 through a **GST Voucher – Cash (Bicentennial Payment)**. This will benefit 1.4 million Singaporeans.
  - ii. In addition, lower-income workers who received WIS payments will get a **Workfare Bicentennial Bonus**. They will receive an additional 10% of their WIS payment for work done in 2018, with a minimum payment of \$100. This will be given in cash.
- e. I will provide a 50% **Personal Income Tax Rebate**, subject to a cap of \$200, for the Year of Assessment 2019. I have set the cap at \$200 so that the benefits go mostly to middle-income earners.
- f. For parents with school-going children, we will provide additional support for their children’s education.
  - i. Each year, the Government contributes to the Edusave accounts of all Singaporean students at primary and secondary school levels. This helps to pay for school enrichment activities, to better develop students holistically.
  - ii. This year, we will provide a **\$150 top-up to their Edusave accounts**. This is on top of the annual Edusave contributions that they already receive from the Government.
  - iii. In addition, Singaporeans aged 17 to 20 will receive **up to \$500 in their Post-Secondary Education Accounts (PSEA)**<sup>15</sup>. This will go towards helping parents to save for their children’s tertiary education.
- g. We will also provide additional support for older Singaporeans, who are near retirement.
  - i. I will provide a **CPF top-up of up to \$1,000** for eligible Singaporeans aged 50 to 64 years old in 2019, who have less than \$60,000 of retirement savings in their CPF accounts<sup>16</sup>. This will be credited into the Special Account for members aged 50 to 54, and the Retirement Account for members aged 55 to 64.
  - ii. About 300,000 Singaporeans will benefit from this CPF top-up.
  - iii. The majority of these recipients will be women. Many of them left the workforce early, and took up important roles as mothers, caregivers, or

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<sup>15</sup> Singaporeans aged 17 to 20 will receive the one-off PSEA top-up if they do not already benefit from the Edusave top-up.

<sup>16</sup> For those aged 50 to 55, the top-up is based on their combined Ordinary and Special Account balances. For those aged 56 to 64, the top-up is based on their Retirement Account balance.

housewives. As a result, they had fewer years to build up their savings. This top-up is a way to recognise their contributions and to help them save more.

- iv. In addition to the CPF top-up, Singaporeans in the age group of 50 to 64 who qualify for Workfare will also benefit from the WIS enhancements that I mentioned earlier.
- v. Most of those in the 60 to 64 age group will also receive the Merdeka Generation Package, while the rest will receive the five-year MediSave top-ups. These are all on top of the targeted benefits such as the GST Voucher.
- vi. Together, we hope that these measures will provide greater peace of mind for our older workers now and later in their silver years.

### Other Support for Households

D59. In addition to the special Bicentennial initiatives, we will provide another year of **Service and Conservancy Charges (S&CC) Rebate** to HDB households.

- a. Eligible Singaporean households will receive S&CC rebates of between one and a half, and three and a half (1.5 to 3.5) months.
- b. This will cost \$132 million and benefit about 930,000 households. (Refer to Annex D-2.)

D60. Finally, I will **top up the Public Transport Fund** by \$10 million, to continue helping commuters in need with their transport expenses, such as through Public Transport Vouchers for lower-income families.

D61. The Government keeps a close watch on the cost of living.

- a. Over the years, we have done much to alleviate cost pressures – whether in healthcare, education, or day-to-day expenses.
- b. Good macro-economic management has enabled us to keep inflation low, while the Singapore dollar has been strengthening over time. Many Singaporeans who go on overseas vacations would appreciate this.
- c. Over and above these favourable conditions, this Budget continues to provide significant support for Singaporeans, especially our seniors and lower-income households.

D62. Budget 2019 supports the Government's long-term strategy to build a caring and inclusive society. This is our continued effort to improve the lives of our people and our future generations.



## **A GLOBAL CITY AND HOME FOR ALL**

- E1. Today, our shining little red dot can hold its own on the global stage. But as the Minister for National Development has said, “we are not done building Singapore”. Infrastructure takes time to build, but once built, can serve us for a long time. We must take a long view for our development plans.
- E2. The upcoming URA Master Plan 2019 will guide our urban development over a 10- to 15-year time frame. It ensures that our limited land can be optimised to meet the needs of current and future generations. The Minister for National Development will share more details at the COS.
- E3. The long-term transformation of our city must start with our HDB estates, where most Singaporeans’ homes are. It is important that we keep our living environment first-class.
  - a. Many cities have large tracts that slip into disrepair over time – we must avoid that. We must strive to make every town in Singapore green and liveable, by rejuvenating them systematically over time.

### **Linking Our City to the World**

- E4. As our home, and a global node, our city has to be well-connected within and with the world.
- E5. Within Singapore, we now have about 230km of MRT lines. This will rise to about 360km in the 2030s when major MRT projects such as the Cross Island Line are completed.
- E6. To enhance our global connectivity, we are increasing the capacities of our airport and sea port. This will strengthen our role as a key node within Asia and to the world. Connecting to future growth, knowledge, and cultural centres in Asia and beyond will not only benefit Singaporeans, but also add to the connectivity and vibrancy in our region.

### **Ensuring a Sustainable Environment for All**

- E7. Beyond the next decade, we must also plan for climate change. Climate change and rising sea levels threaten our very existence. As a low-lying island nation, there is nowhere to hide when sea levels rise. Other small island nations like the Maldives are already facing the risk of flooding, with severe implications.
- E8. The Government is studying the implications carefully and will come up with measures to prepare ourselves adequately. Our Climate Action Plan, which was launched in 2016, sets out the strategy for mitigating and adapting to the impacts of climate change, especially on our infrastructure.
  - a. In line with the Action Plan, low-lying roads near coastal areas have been raised.

- b. Changi Airport Terminal 5 will also be built at 5.5 metres above mean sea level.
  - c. The use of polders and dikes is already being piloted on Pulau Tekong. These will help us to learn how to deal with rising sea levels.
  - d. To protect ourselves against climate change and rising sea levels, we will have to invest more. Together with existing infrastructure needs, our total bill for infrastructure will increase significantly. It is very difficult to project spending needs way into the future, but the different Ministries have done some preliminary estimates. We will continue to do our best to look forward, develop fiscal plans well in advance, and put in place the right approach to finance such long-lived major infrastructure. Each generation should contribute its fair share.
- E9. Tackling climate change requires global cooperation. Singapore is committed to doing our part. It is the responsible thing to do for our children and future generations.
- a. The carbon tax will be applied on this year's emissions. This is an important signal to companies and households to reduce emissions and adopt energy-efficient practices.
  - b. As individuals, we too must change our way of life and work towards becoming a zero waste nation, by adopting the 3Rs: reducing consumption, reusing, and recycling.
    - i. The Zero Waste Masterplan will be launched in the second half of this year. Among other issues, it will look at better management of food waste, e-waste, and packaging waste including plastics. The Minister for the Environment and Water Resources will provide more details at the COS.
- E10. Given our dense urban environment, air quality and greenery are especially important. NParks has done an excellent job in greening Singapore – our island has more than 40% green cover. This improves our living environment and our air quality.
- E11. But diesel exhaust is highly pollutive, and adversely affects our people's health<sup>17</sup> and quality of life. Many cities in Europe have announced restrictions on diesel vehicle usage. We have taken steps to discourage diesel consumption.
- a. Over the years, we have implemented schemes to encourage early renewal of diesel commercial goods vehicles, and to also account for the impact of vehicular emissions. We have seen positive results. More owners are shifting towards more environmentally friendly engines such as electric hybrids. We are glad to see a drop in the numbers of new diesel cars and taxis registered.
  - b. We also restructured diesel taxes in 2017 to shift away from an annual amount of tax towards a usage-based tax system. We permanently reduced the annual special tax on diesel cars and taxis and re-introduced the volumetric diesel duty.

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<sup>17</sup> The World Health Organisation (WHO) has classified diesel engine exhaust as carcinogenic.

- c. To continue the restructuring of diesel taxes, I will **raise the excise duty for diesel by \$0.10 per litre, to \$0.20 per litre**. This takes immediate effect.
  - d. At the same time, I will **permanently reduce the annual Special Tax on diesel taxis by \$850**. I strongly urge taxi companies to pass on the savings to their drivers, like they did in 2017 – this will on average reduce the impact of the duty increase by more than three-quarters for taxis. I will also **permanently reduce the Special Tax on diesel cars by \$100**. This will on average reduce the impact by more than half.
  - e. To help businesses adjust, I will **provide a 100% road tax rebate for one year, and partial road tax rebate for another two years, for commercial diesel vehicles**.
  - f. I will also provide, over three years, **additional cash rebates of up to \$3,200 for diesel buses ferrying school children**. (Refer to Annex E.)
- E12. Building a more sustainable environment makes our quality of life better, and also creates economic opportunities.
- E13. Just as we closed the water loop, we can now turn our attention to closing the waste loop.
- a. There are already start-ups tackling this challenge. Two companies, UglyGood and Tria, have been working on innovative ways to convert food-related waste into useful products.
  - b. These are good examples of opportunities in our zero waste movement. So I hope to see more of such initiatives in the coming years.
- E14. Our beautiful living environment can also be enhanced through the smart use of technology, as a part of our Smart Nation efforts.
- a. To reduce energy use, we have implemented district cooling in the Marina Bay area.
  - b. To improve our quality of life, we have started rolling out pneumatic waste collection, and trialled smart urban mobility solutions.
  - c. Buildings can also be designed to be environmentally friendly, for example, by being energy efficient and producing enough renewable energy to run itself. BCA was the first to retrofit its academy in 2009, making it the first retrofitted net-zero energy building in South-East Asia. This year, NUS's School of Design and Environment launched SDE4, a brand new net-zero energy building.
- E15. These initiatives contribute towards making our environment more sustainable and pleasant. The National Research Foundation will continue to fund research and innovation in Urban Solutions and Sustainability.

## Building Vibrant and Endearing Homes for Our People

- E16. Our public housing policies have also been uniquely successful because of our long-term planning.
- E17. Today, we are not just building new flats. We are improving the quality of life for Singaporeans, through the rejuvenation of our public housing estates.
- a. Our plans for the rejuvenation and renewal of our city includes the Home Improvement Programme (HIP), the Neighbourhood Renewal Programme (NRP) and the Remaking Our Heartland (ROH) initiative.
  - b. For the longer term, we have announced HIP 2 and the Voluntary Early Redevelopment Scheme (VERS).
  - c. These are plans that will keep our living environment first-class over the coming years.
- E18. The Minister for National Development will be sharing more on these plans to build endearing homes for our people at the COS.

## A FISCALLY SUSTAINABLE FUTURE

### Long-Term Fiscal Planning

- F1. Singapore's ability to plan for the long term is our strategic advantage.
- F2. But the best-laid plans to develop our people and transform our city can only be realised with a sound fiscal plan.
- F3. Our fiscal discipline and prudence gave us the resources to respond decisively to unexpected challenges, such as the 2008 global financial crisis. We must not take this for granted.

### Preparing for the Future

- F4. While our nation's needs are growing significantly, we must continue to take a disciplined and prudent approach.
- F5. We will pursue new investments using a differentiated fiscal strategy, taking one approach for major infrastructure investments, and another for recurrent social and security expenditures.
- F6. First, infrastructure investments.
  - a. Some of these are major, long-term projects, such as the development of Changi East and rail projects such as the Cross Island Line.
  - b. Others, such as infrastructure to protect us against climate change, are contingent on the future state of the world. It is challenging to predict their exact timing and requirements.
- F7. For these large and lumpy expenditures where the benefits span many generations of Singaporeans, paying for them through some borrowing is fairer and more efficient.
- F8. Borrowing, done in a responsible and sustainable manner, will help instil financial discipline and distribute the share of funding more equitably across current and future generations.
  - a. In the 1980s, the Government borrowed to build our first MRT lines.
  - b. Our Statutory Boards and Government-owned companies have also continued to finance many major infrastructure projects through borrowings.
  - c. For the development of Changi East, the Changi Airport Group will be taking up loans to fund its share of the infrastructure investments.
  - d. To lower financing costs, **the Government, with the President's concurrence, will provide a guarantee for Changi East borrowings.** This allows us to tap on the

strength of the Government's balance sheet to back this strategic investment. This lowers the cost of borrowing.

- e. The Government is further studying the option of using government debt as part of the financing mix for long-term infrastructure projects that the Government will be taking on directly.
- F9. Second, for recurrent spending needs in areas such as healthcare, pre-school education and security.
- a. We must recognise that these are necessary expenditures – to take care of our elderly, give our children a good start in life, and keep Singapore safe and secure for our families.
  - b. Many countries have taken the easier route by funding these recurrent expenditures through borrowing.
    - i. We must not do this, as such borrowing shifts the burden of paying for today's needs onto future generations.
    - ii. That is not the Singapore way.
- F10. A fairer and more robust approach is to meet recurrent spending with recurrent revenues. Hence, we must continually review our tax system to ensure its resilience.
- a. GST is a broad-based tax that contributes significantly to our fiscal resources.
  - b. Last year, I announced the introduction of GST on imported services to make sure GST collections remain fair and resilient in a digital economy.
  - c. This year, I will **tighten the GST import relief for travellers**, given rising international travel. For travellers who spend less than 48 hours outside Singapore, the value of goods bought overseas that can enjoy GST relief will be reduced from \$150 to \$100. For travellers who spend 48 hours or more outside Singapore, the relief quantum will be reduced from \$600 to \$500. This will take effect from tomorrow. (Refer to Annex E.)
  - d. I will also **tighten the alcohol duty-free concession for travellers from three litres to two litres**. This will take effect from 1 April 2019. (Refer to Annex E.)
- F11. As I had announced at the previous Budget, we will raise GST by two percentage points sometime in the period from 2021 to 2025.
- a. When we raise GST, we will ensure that our overall system of taxes and transfers remains progressive and fair.
  - b. We will continue to absorb GST on publicly subsidised education and healthcare.
  - c. We will provide more help to lower-income households and the elderly by enhancing the permanent GST Voucher scheme.

- d. We will also cushion the impact of the GST increase for a period through a GST offset package. Lower- and middle-income households will get more.
  - e. More details will be announced later.
- F12. Notwithstanding the need to raise revenues in the future, at the core of our fiscal system is our commitment to keep the overall tax burden low.
- a. We want workers and firms to keep as much as possible of what they earn. This leaves our citizens free to choose how they spend, save, or invest.
  - b. Our main indirect tax, the GST, is not high by international standards, even after the planned increase to 9%. The OECD average is 19%. Among Asia-Pacific countries, many have standard GST rates that exceed 9%.
  - c. Ultimately, a competitive tax regime helps us to attract and retain investments and talent. These in turn help to bring in good jobs for Singaporeans.
  - d. A competitive tax regime is a key anchor to our economic growth, and the best way to sustainably increase tax revenues. I will **extend and strengthen tax incentives** to enhance our business competitiveness. (Refer to Annex E.)
  - e. At the same time, I will make some **adjustments to further enhance the progressivity and resilience of our tax system**. The details of these changes are in the Annex. (Refer to Annex E.)
- F13. The Government will continue to plan ahead for the long term. My commitment to Singaporeans is that our overall taxes and transfers system will always remain fair, progressive, and pro-growth.

### FY2018 Budget Position

- F14. Let me now summarise our overall budget position.
- F15. For FY2018, we expect an overall budget surplus of \$2.1 billion, or 0.4% of GDP. This is a \$2.7 billion increase from the \$0.6 billion deficit forecasted a year ago. This was due to the unexpected two-year suspension of the Kuala Lumpur-Singapore High-Speed Rail Project and higher-than-expected Stamp Duty collections.
- F16. When we exclude the Government's top-ups to funds and Net Investment Returns Contribution from past reserves, we expect a basic deficit of \$7.0 billion, or 1.4% of GDP. FY2018 was hence an expansionary budget.

## FY2019 Budget Position

- F17. For FY2019, our budget position remains expansionary, with a basic deficit of \$7.1 billion. Ministries' total expenditures are expected to be \$80.3 billion, 1.6% higher than in FY2018. We are setting aside funds to meet Singaporeans' long-term needs, including \$6.1 billion for the Merdeka Generation Package and \$5.1 billion for long-term care support. On the whole, we expect an overall budget deficit of \$3.5 billion, or 0.7% of GDP. (Refer to Annex F.)
- F18. We have sufficient fiscal surplus accumulated over this term of Government to fund the overall deficit in FY2019. There is no draw on past reserves.



## CONCLUSION

- G1. Mr Speaker, Sir, I will now conclude.
- a. First, I would like to thank the many Singaporeans, as well as businesses, unions, charities, and community organisations, who have provided your feedback and ideas.
  - b. Also, special thanks to the talented students from Nanyang Polytechnic for the beautiful sketches that you see in my slides today.
- G2. We commemorate 2019, our bicentennial year, to learn from our past, in order to chart our future. We will have many opportunities to reflect and share in the coming months and years, but three lessons stand out for me and my colleagues:
- a. First, for as long as we stay relevant and useful, Singapore and Singaporeans will have our place in the world. We must develop deep capabilities, stay open and connected, and draw ideas and talents from around the globe. Singaporean talents have been making their mark in various fields, and connecting with other highly skilled individuals from around the world will make our team even stronger.
  - b. Second, external events around us will shape and re-shape our lives. Our people have shown time and again that we can take the long view, adapt with the times, and thrive.
  - c. Third, we draw strength from our diversity, by focusing on what we have in common. In the earlier years, our forefathers clustered around ethnic and religious groups to support one another. Today, Singaporeans support one another, regardless of race, language, or religion.
- G3. Budget 2019 draws on these key lessons. We build on our multi-cultural heritage, to foster a caring and inclusive society. We continue to nurture our young and develop our people on a lifelong basis. We seek to take better care of our seniors, so that they can stay active and healthy.
- G4. We will partner businesses and workers to transform our economy. We welcome the best MNCs and SMEs from around the world, and help our start-ups and SMEs to grow, scale, and internationalise. We will help our workers deepen their capabilities and seek new opportunities. To catch the wave of the Fourth Industrial Revolution, we are positioning Singapore as a Global-Asia node of technology, innovation and enterprise.
- G5. The changes ahead will be faster and deeper. Budget 2019 highlights the key challenges we are facing, and how we are preparing to ride on the changes, to turn challenges into opportunities, for Singaporeans and for our partners in the global community.
- G6. We are investing to keep Singapore safe and secure. We are restructuring our economy to enable our businesses and workers to thrive. We are building a more caring and inclusive society, and we are building Singapore as a global city and a home for all.

- G7. Even as we invest more, Budget 2019 maintains our fiscal discipline. Our institution of the Elected President, and the Council of Presidential Advisors, ensure that the Government of the day does not squander the reserves our forefathers have left for us. The Government will ensure that we abide by this. We must not only take care of this generation, but our children and their children. It is a core value we must uphold.
- G8. Budget 2019 lays out this Government's approach to build a strong, united Singapore. We nurture our young, take care of our seniors, expand opportunities for our people to be at their best, and to live in a liveable, endearing home, secure and globally connected.
- G9. Together, in close partnership with all, in our public, people, and private sectors, we can, and will, continue to take Singapore forward.
- G10. Mr Speaker, Sir, I beg to move.

## **ANNEX C-1: BUILDING DEEP ENTERPRISE CAPABILITIES**

### **(A) Innovation Agents Programme**

The Innovation Agents programme is a two-year pilot for enterprises to obtain advice on innovation opportunities from experienced industry professionals who have both technology expertise and business experience (henceforth known as Innovation Agents).

To support enterprises in their innovation efforts and accelerate their growth, Enterprise Singapore will identify individuals with deep expertise in technology, strong track record in growing businesses, and access to global industry networks. These Innovation Agents will be matched with enterprises that aspire to use technology to improve existing businesses or build new ones. Innovation Agents will provide mentorship to enterprises to identify innovation opportunities, and facilitate connections to valuable technology and business partners.

Depending on enterprises' needs, Innovation Agents may provide consultation on a one-to-one basis, or on a group basis to groups of enterprises or consortia looking to capture new market opportunities through innovation. The duration of an engagement may vary from a few months to a year, depending on its scope.

More details will be shared by Enterprise Singapore later this year.

#### **More Information**

Please contact Enterprise Singapore at [enquiry@enterprisesg.gov.sg](mailto:enquiry@enterprisesg.gov.sg).

## **(B) SME Co-Investment Fund III**

### Background

To catalyse patient growth capital<sup>1</sup> for Singapore-based enterprises through co-investment with the private sector, the Government launched the Co-Investment Programme (CIP) in 2010, comprising the SME Catalyst Fund (CF) and SME Co-Investment Fund (CIF). The SME Mezzanine Growth Fund (MF) and SME Co-Investment Fund II (CIF 2) were subsequently launched in 2014.

To date, the Government has set aside \$400 million of government capital through these funds, to be invested alongside private sector capital into local SMEs. This has catalysed approximately \$1.3 billion of additional funding for our SMEs. The CIP has supported Singapore-based SMEs, in a range of industries from services to manufacturing, to scale up and internationalise. Please visit [www.heliconiacapital.com](http://www.heliconiacapital.com) for information on SMEs that have benefited from the CIP.

### Launch of SME Co-Investment Fund III

The Government will set aside an additional \$100 million for the SME Co-Investment Fund III, to continue supporting firms in their efforts to scale up and internationalise. The SME Co-Investment Fund III will continue the work of the earlier SME Co-Investment Funds, with the same objective of catalysing active and patient growth capital for Singapore-based SMEs. Similar to existing funds under the CIP, Temasek Holdings will participate as a co-investor in the SME Co-Investment Fund III.

Qualifying investee companies must have their key management functions and headquarter activities based in Singapore, and have revenues of up to \$500 million.

### More Information

The Fund will be managed by Heliconia Capital Management Pte Ltd. Interested private sector co-investors and potential investee companies may contact Heliconia at [enquiries@heliconiacapital.com](mailto:enquiries@heliconiacapital.com) for more information.

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<sup>1</sup> This means long-term financing, involving investors that do not expect short-term returns on their investment, to help Singapore-based SMEs scale-up in a number of sectors.

## **(C) Enterprise Financing Scheme (EFS)**

The Enterprise Financing Scheme (EFS) streamlines eight existing SME financing schemes, including the extended SME Working Capital Loan, into one scheme<sup>2</sup> to help Participating Financial Institutions (PFIs) and SMEs navigate between the various financing schemes.

The EFS will meet the financing needs of companies across different stages of growth over six financing areas:

- o Working capital (for SMEs),
- o Fixed assets (for SMEs),
- o Trade,
- o Venture debt,
- o Mergers and acquisitions, and
- o Project financing.

Businesses may apply for the EFS through PFIs.

### SME Working Capital Loan

In 2016, the Government enhanced support for SMEs to access financing for working capital needs by introducing the SME Working Capital Loan. We will extend this support for another two years till 31 March 2021<sup>3</sup>. This will help address Singapore SMEs' near-term cash flow concerns and growth financing needs through unsecured working capital loans, while encouraging business growth and restructuring activities. The level of support for working capital will be reviewed at the end of this period.

The EFS is expected to be launched in October 2019. The SME Working Capital Loan will be folded into the EFS then. Additional details related to EFS will be announced closer to launch. In the interim, companies can continue to apply for the existing financing schemes.

### More Information

Please contact Enterprise Singapore at [enquiry@enterprisesg.gov.sg](mailto:enquiry@enterprisesg.gov.sg)

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<sup>2</sup> With the introduction of the EFS, ESG will discontinue the eight existing financing schemes, namely the (i) SME Equipment Loan, (ii) SME Factory Loan, (iii) SME Working Capital Loan, (iv) SME Micro Loan, (v) SME Micro Loan for Young Companies, (vi) SME Venture Loan, (vii) Internationalisation Finance Scheme, and (viii) Loan Insurance Scheme Plus. These financing schemes were carried over from former-SPRING and IE Singapore and will be relaunched under the EFS scheme, under ESG.

<sup>3</sup> The SME Working Capital Loan (WCL) was introduced in Budget 2016.

## **(D) Expansion of the SMEs Go Digital Programme**

The SMEs Go Digital programme, announced in Budget 2017, helps SMEs grow digital capabilities. Its key components are as follows<sup>4</sup>:

- a) **Industry Digital Plans (IDPs).** Sector-specific IDPs developed by the Infocomm Media Development Authority (IMDA) serve as a guide for SMEs on the digital technologies and skills training programmes that are relevant to them at different stages of growth.
- b) **Pre-approved Digital Solutions.** IMDA works with sector lead agencies to identify and pre-approve digital solutions suitable for SMEs. SMEs can access these pre-approved digital solutions on the whole-of-government (WOG) Business Grants Portal, and apply for the Productivity Solutions Grant (PSG) for funding support of up to 70% of qualifying costs to adopt these solutions.
- c) **Digital Sector Projects.** IMDA works with key industry leaders to pilot new digital solutions (including platforms) that have the potential to scale and uplift sectors.

As of end-2018, IDPs have been developed for 7 sectors: Environmental Services, Retail, Food Services, Wholesale Trade, Logistics, Security and Media. The SMEs Go Digital programme has supported around 4,000 SMEs to adopt pre-approved digital solutions.

In Budget 2019, IMDA will expand the SMEs Go Digital programme by:

- a) **Developing IDPs for more sectors.** IMDA will develop IDPs for more sectors, starting with Accountancy, Sea Transport and Construction. IMDA will announce more sectors later in the year.
- b) **Extending support to wider range of digital solutions.** IMDA will extend the range of pre-approved solutions that can be readily adopted by SMEs, to include more advanced digital solutions such as artificial intelligence (AI)-infused solutions and cybersecurity solutions. SMEs can

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<sup>4</sup> Companies can also benefit from other forms of support under the SMEs Go Digital programme, as follows:

- i. **Digital Consultancy.** SMEs can approach SME Centre business advisors for business diagnosis and advice on relevant digital solutions. SMEs that require specialist advice on more advanced digital solutions, such as data analytics, artificial intelligence, cybersecurity, can also approach the SME Digital Tech Hub.
- ii. **Digital Project Management Services.** SMEs can engage digital project managers to support their implementation of the digital solutions. Support from digital project managers include professional project management, business process re-engineering and job redesign.

apply for funding support under PSG to adopt these pre-approved solutions.

### More Information

Please contact IMDA at:

- General inquiries: [info@imda.gov.sg](mailto:info@imda.gov.sg)
- Media clarifications: [Chloe\\_Choong@imda.gov.sg](mailto:Chloe_Choong@imda.gov.sg)

## **(E) Digital Services Lab (DSL)**

The Digital Services Lab (DSL) is a three-year pilot that will work with the industry to address digitalisation challenges in services sectors, such as Logistics, Retail and Media, using digital capabilities. The DSL will focus on projects with industry-wide impact, involving multiple stakeholders, where there are barriers to digitalisation.

By translating research and integrating existing technologies, DSL engineers and system architects, in collaboration with industry partners, will develop solutions that address the identified problem statements. Developing these solutions in partnership will help companies manage the risks of early-stage technology development, while catalysing digital transformation in the industry.

Companies participating as demand users and technology solutions providers may apply for funding support of up to 70% of qualifying costs.

### More Information

Please contact the Digital Services Lab at [digital\\_services@imda.gov.sg](mailto:digital_services@imda.gov.sg).



## **(F) Extension of Automation Support Package (ASP)**

The Automation Support Package (ASP), introduced in Budget 2016 for three years from 1 April 2016 to 31 March 2019, encourages companies to embark on large-scale automation projects to achieve significant productivity gains. To support companies to automate and scale up, the ASP will be extended for another two years, up to 31 March 2021. The support package comprises grant, tax and loan components:

- a) **Grant.** To defray automation costs, funding support of up to 50% of qualifying costs for the roll-out or scaling up of automation projects, capped at \$1 million, will be provided through Enterprise Singapore's Enterprise Development Grant (EDG).
- b) **Tax.** Investment Allowance (IA) of 100% will be provided on the amount of approved capital expenditure, net of grants. This IA is in addition to the existing capital allowance for plant and machinery. The approved capital expenditure is capped at \$10 million per project.
- c) **Loan.** Companies that require equipment financing can be referred to Participating Financial Institutions (PFIs) through the enhanced Local Enterprise Finance Scheme (LEFS)<sup>5</sup>. Through this, risk sharing by Enterprise Singapore with PFIs is up to 70% for SMEs and 50% for non-SMEs in the event of loan default.

### More Information

Please contact Enterprise Singapore at [enquiry@enterprisesg.gov.sg](mailto:enquiry@enterprisesg.gov.sg).

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<sup>5</sup> From October 2019, LEFS, together with existing SME financing schemes, will be streamlined into the Enterprise Financing Scheme (EFS).

## **(G) New Centres of Innovation in Aquaculture and Energy**

Centres of Innovation (COIs) support SMEs with technology innovation by providing assistance to enterprises, especially local SMEs and start-ups, in developing and testing technology products, through access to laboratory facilities, consultancy services and training courses. To date, there are eight COIs in Institutes of Higher Learning (IHLs) and public research institutes (RIs). Two new COIs will be set up for aquaculture and energy in Temasek Polytechnic and Nanyang Technological University respectively.

The Aquaculture COI aims to support the growth and internationalisation of local enterprises in the aquaculture sector, and improve food resilience in Singapore. The COI will allow enterprises to access applied research capabilities and services in aquaculture, by pooling together resources, intellectual property, infrastructure and expertise from government agencies, IHLs and RIs.

The Energy COI aims to drive industry-led innovation in energy efficiency, renewable energy and electric mobility. It will enable enterprises to commercialise cutting-edge innovations by providing technical expertise to translate energy research into commercial technologies and solutions, aggregating private-sector testbeds to deploy and integrate solutions, and incubating start-ups in the energy sector.

### More Information

Please contact Enterprise Singapore at [enquiry@enterprisesg.gov.sg](mailto:enquiry@enterprisesg.gov.sg).

## **ANNEX C-2: HELPING OUR PEOPLE SEIZE OPPORTUNITIES**

### **(A) Global Ready Talent Programme (GRTP)**

GRTP aims to build a pipeline of global-ready talent for Singapore enterprises. GRTP helps young Singaporeans excel on the international stage, and supports Singapore firms<sup>1</sup> with their overseas expansion<sup>2</sup>. It comprises two components:

#### **(i) Internships**

GRTP harmonises existing young talent programmes, namely the SME Talent Programme, Young Talent Programme, and Go Southeast Asia Award, into a single programme. Under GRTP, students can take up local internships provided by local companies or overseas internships provided by local and foreign companies. Students will receive monthly internship stipends and overseas allowances.

Students can apply for GRTP through their Institutes of Higher Learning (i.e. universities, polytechnics and Institutes of Technical Education). This scheme is open to students who are Singapore Citizens and permanent residents.

Participating local firms can receive funding support of up to 70% of the students' monthly internship stipends.

#### **(ii) Management Associate Programmes**

GRTP also supports local firms in sending young Singaporeans with up to three years of working experience on job postings in key overseas markets. This deepens the in-market knowledge and international work exposure of these young Singaporeans, and supports the international expansion efforts of Singapore firms.

Participating firms can receive funding support for part of the expenditure incurred in sending young Singaporeans overseas.

More details will be provided at the Ministry of Trade and Industry's (MTI) Committee of Supply (COS).

#### **More Information**

Please contact Enterprise Singapore at [enquiry@enterprisesg.gov.sg](mailto:enquiry@enterprisesg.gov.sg).

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<sup>1</sup> Refers to firms with minimum 30% local shareholding.

<sup>2</sup> The focus will be on expansion to Southeast Asia, China, and India, as well as other emerging markets.

## (B) Extension of the Career Support Programme (CSP)

The CSP was first introduced in 2015. It is part of the Adapt and Grow initiative. The CSP provides salary support to encourage employers to hire retrenched mature<sup>3</sup> or long-term unemployed<sup>4</sup> Singapore Citizens for Professional, Manager, Executive and Technician (PMET) jobs.

The CSP will be extended for two more years till March 2021. The support parameters will remain unchanged.

| <b>Salary support for Singapore Citizen PMETs</b>   | <b>First 6 months of employment</b> | <b>Second 6 months of employment</b> | <b>Third 6 months of employment</b> |
|---|-------------------------------------|--------------------------------------|-------------------------------------|
| <b>≥ 40 years old</b> , unemployed and looking for jobs ≥12 months  | 50%                                 | 30%                                  | 20%                                 |
| <b>≥40 years old</b> , unemployed and actively looking for jobs for 6 months to <12 months <b>OR</b> made redundant   | 40%                                 | 20%                                  | N.A.                                |
| <b>&lt;40 years old</b> , unemployed and actively looking for jobs ≥6 months  | 20%                                 | 10%                                  | N.A.                                |
| <b>Gross monthly salary*:</b><br>At least \$3,600/month for SMEs^<br>At least \$4,000/month for non-SMEs^<br><br><b>(Funded gross monthly salary capped at \$7,000/month)</b> |                                     |                                      |                                     |

*\*The sum of the new hire's monthly basic salary and fixed monthly allowance.*

*^ Companies must be legally registered or incorporated in Singapore, with a Unique Entity Number (UEN)*

### More Information

Please visit [www.wsg.gov.sg](http://www.wsg.gov.sg) or [www.mom.gov.sg](http://www.mom.gov.sg), or contact Workforce Singapore (WSG) at 6883 5885, or Ministry of Manpower (MOM) at 6538 5122.

<sup>3</sup> Defined as individuals who are 40 years old or above.

<sup>4</sup> Defined as individuals who have been unemployed for 6 months or more.

## **ANNEX C-3: KEEPING UP THE MOMENTUM OF RESTRUCTURING**

### **(A) Foreign Workforce Measures**

#### **(i) Reduction in Dependency Ratio Ceiling (DRC)**

**DRCs will remain unchanged for all sectors except the services sector.**

| <b>Sector</b>                | <b>Current</b> | <b>Changes</b>  |
|------------------------------|----------------|---|
| <b><u>DRC</u></b>            |                |   |
| <b>Manufacturing</b>         | 60%            | No change   |
| <b>Services</b>              | 40%            | To be reduced to 38% on 1 January 2020, and to 35% on 1 January 2021 <sup>1</sup> |
| <b>Construction</b>          | 87.5%          | No change   |
| <b>Process</b>               | 87.5%          | No change   |
| <b>Marine Shipyard</b>       | 77.8%          | No change   |
| <b><u>S Pass sub-DRC</u></b> |                |   |
| <b>Services</b>              | 15%            | To be reduced to 13% on 1 January 2020, and to 10% on 1 January 2021 <sup>1</sup> |
| <b>All other sectors</b>     | 20%            | No change   |

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<sup>1</sup> When a DRC or a sub-DRC cut is implemented, firms will not be able to renew work passes of foreign workers that have exceeded the revised DRC or sub-DRC. However, for the foreign workers above the DRC/sub-DRC limits, firms can retain them until their work passes expire to avoid disrupting existing operations.

(ii) Foreign Worker Levy rates

Foreign Worker Levy rates will remain unchanged for all sectors. The earlier-announced Foreign Worker Levy increases for the Marine Shipyard and Process sectors will be deferred for another year.

| Sector/ Pass Types         | Tier       | Dependency Ratio Ceiling (DRC)       | Levy Rates (\$) (R1/R2) |                                      |                         |
|----------------------------|------------|--------------------------------------|-------------------------|--------------------------------------|-------------------------|
|                            |            |                                      | 1 Jul 2018              | 1 Jul 2019                           | 1 Jul 2020              |
| <b>S-Pass</b>              | Basic Tier | ≤ 10%                                | 330                     | <u>330</u>                           | To be announced in 2020 |
|                            | Tier 2     | 10-20%                               | 650                     | <u>650</u>                           |                         |
| <b>Construction WPH</b>    | Basic Tier | ≤ 87.5%                              | 300/700                 | 300/700                              | <u>300/700</u>          |
|                            | MYE-Waiver |                                      | 600/950                 | 600/950                              | <u>600/950</u>          |
| <b>Services WPH</b>        | Basic Tier | ≤ 10%                                | 300/450                 | <u>300/450</u>                       | To be announced in 2020 |
|                            | Tier 2     | 10-25%                               | 400/600                 | <u>400/600</u>                       |                         |
|                            | Tier 3     | 25-35%                               | 600/800                 | <u>600/800</u>                       |                         |
| <b>Marine Shipyard WPH</b> | Basic Tier | ≤ 77.8%                              | 300/400                 | <del>350/500</del><br><u>300/400</u> |                         |
|                            |            |                                      | Basic Tier              | ≤ 87.5%                              |                         |
| MYE-Waiver                 | 600/750    | <del>600/800</del><br><u>600/750</u> |                         |                                      |                         |
| <b>Manufacturing WPH</b>   | Basic Tier | ≤ 25%                                | 250/370                 | <u>250/370</u>                       |                         |
|                            | Tier 2     | 25-50%                               | 350/470                 | <u>350/470</u>                       |                         |
|                            | Tier 3     | 50-60%                               | 550/650                 | <u>550/650</u>                       |                         |

Notes:

- Numbers underlined are Foreign Worker Levy rates announced at Budget 2019. Strike-outs refer to earlier-announced levy rates (i.e., before Budget 2019).

More Information

Please visit [www.mom.gov.sg](http://www.mom.gov.sg), or contact the Ministry of Manpower (MOM) hotline at 6438 5122.

## **(B) Transitional Support Measures**

To help firms adjust to the impending foreign workforce policy changes that will take effect from 1 Jan 2020, we will extend the enhanced support levels of up to 70% for the Enterprise Development Grant (EDG) and the Productivity Solutions Grant (PSG), and expand the scope of the PSG.

### **(i) Enhancements to the Enterprise Development Grant (EDG)**

The EDG, announced at Budget 2018, is a holistic grant scheme providing customised support to local enterprises for their growth and transformation. It provides enterprises with up to 70% government funding to undertake projects to strengthen their business capabilities, improve operational efficiencies and internationalise. Details are as follows:

In general, SMEs can access up to 70% support while non-SMEs can access up to 50% support under the EDG. For hardware/ software, the support level differs, as illustrated below.

| <b>Areas of support</b>                | <b>Support for SMEs</b> | <b>Support for non-SMEs</b> |
|--|-------------------------|-----------------------------|
| Eligible expenses                      | Up to 70%               | Up to 50%                   |
| <b>Exception:</b><br>Hardware/software | Up to 50%               | Up to 30% <sup>2</sup>      |

The EDG's enhanced support level of up to 70% will be extended for three more years, up to 31 March 2023. Support levels for the scheme after FY2022 are subject to review closer to the end of FY2022. Without the extension of the enhanced support level, the support level for the EDG would have reverted to 50% after 31 March 2020.

To ensure that the benefits of enterprise transformation are passed on to our workers, enterprises will also need to commit to outcomes for workers, such as wage increases, in order to qualify for the EDG, with effect from 1 April 2020. Details will be shared at a later date.

Enterprises can apply for the EDG through the Business Grants Portal.

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<sup>2</sup> Support level for non-SMEs for hardware can be up to 50%, if the project involves large-scale automation and qualifies for the Automation Support Package.

(ii) Enhancements to the Productivity Solutions Grant (PSG)

The PSG, which was announced at Budget 2018, aims to support enterprises to adopt pre-scoped, off-the-shelf productivity solutions and technologies. Depending on the sector which the PSG solution falls under, the support level (currently up to 70%) will drop to 50% after 31 March 2020. To support firms in making the transition, the PSG support level of up to 70% will be extended to 31 March 2023. Support levels after FY2022 are subject to review closer to the end of FY2022.

To further support firms, the PSG will be enhanced to include a component that supports worker upgrading. Eligible enterprises will be able to receive a subsidy for up to 70% of their out-of-pocket training expenses (i.e. the remaining amount which is not already covered by other government training subsidies such as those under SkillsFuture), capped at \$10,000 per enterprise. This will last until 31 March 2023.

Enterprises applying for the training subsidy under the enhanced PSG must submit a training plan, which will be assessed. They will only be eligible for the training subsidy after their PSG application has been approved. Enterprises can apply for PSG through the Business Grants Portal.

More details will be provided at the Ministry of Trade and Industry's (MTI) and Ministry of Education's (MOE) Committee of Supply (COS).

For queries

For queries relating to EDG and PSG, please contact Enterprise Singapore at [enquiry@enterprisesg.gov.sg](mailto:enquiry@enterprisesg.gov.sg).

For queries relating to the training subsidy under the enhanced PSG, please contact SkillsFuture Singapore at <https://portal.ssg-wsg.gov.sg/feedback> or 6785 5785.



## ANNEX D-1: ENHANCEMENTS TO THE WORKFARE INCOME SUPPLEMENT SCHEME

The Government will enhance the Workfare Income Supplement (WIS) scheme to supplement the incomes and CPF savings of lower-wage Singaporean workers, as well as to encourage them to work regularly. WIS will continue to be targeted at workers whose earnings are in the bottom 20%, with some support for those slightly above.

These changes will apply for work done from 1 January 2020 onwards. In total, we expect the enhanced WIS to benefit close to 440,000 Singaporeans.

### Changes to WIS

*a) Qualifying income cap raised from \$2,000/month to \$2,300/month<sup>1</sup>*

This revision takes into account shifts in income levels.

*b) Higher annual WIS payouts of up to \$4,000*

Depending on their age and income, eligible employees can receive up to \$4,000 per year in WIS payouts, compared to \$3,600 today. Older workers will continue to receive higher payouts than younger workers. The payouts for self-employed persons will remain at two-thirds of the employee WIS payouts, and will therefore be correspondingly increased. Details are in Table 1 below.

Table 1: Maximum annual WIS payout for different age bands, for work done  
from 1 January 2020

| <b>Age Band</b>       | <b>Maximum annual WIS payout for employees</b> | <b>Maximum annual WIS payout for self-employed persons</b> |
|-----------------------|--|--|
| <b>35-44</b>          | <b>\$1,700</b>                                 | <b>\$1,133</b>   |
| <b>45-54</b>          | <b>\$2,500</b>                                 | <b>\$1,667</b>   |
| <b>55-59</b>          | <b>\$3,300</b>                                 | <b>\$2,200</b>   |
| <b>60 &amp; above</b> | <b>\$4,000</b>                                 | <b>\$2,667</b>   |

Note: Persons with disabilities below age 35 who meet the WIS eligibility criteria will receive up to \$1,700 annual WIS payout.

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<sup>1</sup> In addition, one must earn an average gross monthly income of not more than \$2,300 in the past 12 months.

## More Information

Please visit [www.cpf.gov.sg/wis](http://www.cpf.gov.sg/wis) for more information, or contact CPF Board:

- Email: [member@cpf.gov.sg](mailto:member@cpf.gov.sg)
- Hotline: 1800-227-1188

## **ANNEX D-2: OTHER SUPPORT FOR HOUSEHOLDS**

### **(A) Five-Year MediSave Top-up**

The Government will provide a MediSave top-up of \$100 a year from 2019 to 2023 for Singaporeans who meet all of the following criteria:

- Singapore Citizen as at 31 December of the year preceding the top-up;
- Born in or before 1969; and
- Do not receive benefits from the Merdeka Generation Package or Pioneer Generation Package.

### **(B) Service and Conservancy Charges (S&CC) Rebate**

Eligible Singaporean households living in HDB flats will receive rebates to offset between 1.5 and 3.5 months of S&CC charges. The rebates will cost about \$132 million and benefit about 930,000 HDB households.

Table 1: S&CC Rebate for FY2019

| HDB Flat Type                | FY2019 S&CC Rebate (no. of months) |           |              |              |                  |
|------------------------------|------------------------------------|-----------|--------------|--------------|------------------|
|                              | April 2019                         | July 2019 | October 2019 | January 2020 | Total for FY2019 |
| 1- and 2-room                | 1                                  | 1         | 1            | 0.5          | 3.5              |
| 3- and 4-room                | 1                                  | 0.5       | 0.5          | 0.5          | 2.5              |
| 5-room                       | 0.5                                | 0.5       | 0.5          | 0.5          | 2                |
| Executive / Multi-Generation | 0.5                                | 0.5       | 0.5          | -            | 1.5              |

Note: Households with a member owning or having any interest in a private property, or have rented out the whole flat, are not eligible for S&CC rebates.

### **More Information**

| Scheme                    | Contact Details   |
|---------------------------|---|
| Five-Year MediSave Top-up | <u>Email:</u> <a href="mailto:contactus@govtopup.gov.sg">contactus@govtopup.gov.sg</a>  |
| S&CC Rebate               | <u>Email:</u> <a href="mailto:screbates@mailbox.hdb.gov.sg">screbates@mailbox.hdb.gov.sg</a><br><u>Hotline:</u> 1800-866-3078 |

## **ANNEX D-3: ENGENDERING WHOLE-OF-NATION PARTNERSHIP AND BUILDING A CARING SOCIETY**

### **(A) Nurture Youth Multipliers in Institutes of Higher Learning (IHLs)**

Youth Corps Singapore (YCS) was launched in 2014 to rally young Singaporeans aged 15 to 35 to contribute to society through volunteerism. YCS engages youths from diverse backgrounds through a variety of programmes, and develops their knowledge and leadership skills in community service.

To build on the momentum of community involvement when youths enter the IHLs, YCS will partner IHLs to develop young community leaders. These youths will be able to undergo structured training to be equipped with skills to better lead and serve the community. Beyond training, they will be plugged into the larger volunteer ecosystem, giving them access to resources, networks, and further development opportunities.

Through partnership with the IHLs, YCS hopes to nurture a critical mass of youth community leaders who will rally their peers to contribute to society, and for youths to sustain volunteerism beyond their tenure in IHLs.

#### **More Information**

Please contact [youth\\_corps\\_enquiries@nyc.gov.sg](mailto:youth_corps_enquiries@nyc.gov.sg).

### **(B) Encourage Volunteerism as Part of Active Pre-Retirement Planning**

Our seniors, who are increasingly educated and skilled, can continue to contribute to the community after retirement. Volunteerism can also serve as a work-life transition towards a more purposeful retirement.

To facilitate senior volunteerism, the Ministry of Culture, Community and Youth (MCCY) will engage older workers at their workplaces to provide volunteer training opportunities and match them to volunteering opportunities according to their interests and talents.

#### **More Information**

Please contact [SGCares@mccy.gov.sg](mailto:SGCares@mccy.gov.sg).

### **(C) Establish Public Service Cares**

SG Cares has been the national movement since 2017 in building a caring society, where Singaporeans volunteer and contribute towards helping others.

Building on the SG Cares movement, Public Service Cares aims to strengthen the culture of care and contribution in the Public Service, and increase opportunities for public officers to engage citizens and better understand their needs. We will strengthen the capabilities of public agencies in Corporate Social Responsibility, and create larger-scale volunteering opportunities across public agencies, to sustain active volunteerism in the Public Service.

#### **More Information**

Please contact [SGCares@mccy.gov.sg](mailto:SGCares@mccy.gov.sg).

## **ANNEX D-4: BICENTENNIAL COMMEMORATION**

Budget 2019 includes two initiatives to commemorate our bicentennial year: (a) a \$200 million Bicentennial Community Fund (BCF) to encourage the spirit of giving back; and (b) a \$1.1 billion Bicentennial Bonus to be shared with Singaporeans.

### **(A) Bicentennial Community Fund**

To encourage more Singaporeans to give back and Institutions of a Public Character (IPCs) to reach out to more donors, the Government will set aside a budget of \$200 million for the BCF. The BCF will provide dollar-for-dollar matching for donations garnered by IPCs in FY2019<sup>1</sup>. The amount matched for each IPC will be capped to ensure that more IPCs can benefit from the BCF.

### **(B) Bicentennial Bonus**

#### **(I) GST Voucher – Cash (Bicentennial Payment) & Workfare Bicentennial Bonus**

Lower-income Singaporeans will receive additional payments from the GST Voucher (GSTV) and Workfare Income Supplement (WIS) schemes in end 2019 to help them with their daily living expenses.

- Up to \$300 in **GSTV – Cash (Bicentennial Payment)** (see [Table 1](#)). This will benefit about 1.4 million Singaporeans.
- **Workfare Bicentennial Bonus** at 10% of the total annual payment received under WIS for Work Year 2018, with a minimum payment of \$100 (see [Table 2](#)).

These additional payments will cost about \$500 million.

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<sup>1</sup> The dollar-for-dollar matching will be for donations raised by IPCs between 1 April 2019 and 31 March 2020. Donations to IPCs will draw on existing matching grants where applicable, before the BCF.

**Table 1: GST Voucher – Cash (Bicentennial Payment)**

| <b>Assessable Income for Year of Assessment 2018 up to \$28,000</b> | <b>Annual Value of Home as at 31 Dec 2018</b> |  |
|---|---|--|
|   | <b>Up to \$13,000</b>                         | <b>More than \$13,000 and up to \$21,000</b> |
| Aged 21 and above in 2019   | \$300   | \$150  |

Note: The other eligibility criteria for GST Voucher – Cash also apply to GST Voucher – Cash (Bicentennial Payment).

**Table 2: Workfare Bicentennial Bonus**

| <b>Age in 2018</b> | <b>10% of the Total Annual WIS payment for Work Year 2018</b> |                              |
|--------------------|---|------------------------------|
|                    | <b>Employee</b>   | <b>Self-Employed Persons</b> |
| 35 to 44           | Between \$100 and \$150                                       | \$100                        |
| 45 to 54           | Between \$100 and \$220                                       | Between \$100 and \$147      |
| 55 to 59           | Between \$100 and \$290                                       | Between \$100 and \$194      |
| 60 and above       | Between \$100 and \$360                                       | Between \$100 and \$240      |

Notes:

1. The Workfare Bicentennial Bonus for self-employed persons is at two-thirds of the amount for employees.
2. Persons with disabilities below age 35 in 2018 and meet the WIS eligibility criteria will also receive between \$100 and \$150 based on work done in 2018.

## **(II) Personal Income Tax Rebate**

A Personal Income Tax Rebate of 50% of tax payable will be granted to all tax resident individuals for the Year of Assessment 2019 (i.e. for income earned in 2018). The rebate will be capped at \$200 per taxpayer. This is estimated to cost about \$280 million.

### (III) Top-up to Edusave Accounts and Post-Secondary Education Accounts

In 2019, the Government will provide younger Singaporeans with additional support for their education. There will be a one-off top-up to their Edusave accounts or Post-Secondary Education Accounts (PSEA), depending on their age. The top-up to the Edusave accounts is in addition to the annual Edusave contributions that the Government makes.

The top-ups are expected to be made by mid-2019. This is estimated to cost about \$140 million and benefit about 570,000 students.

**Table 3: Edusave and PSEA Top-ups for Singaporeans aged 7 to 20**

| Age in 2019 | Account Receiving Top-up | Annual Value of Home as at 31 Dec 2018 |                    |
|-------------|--------------------------|--|--------------------|
|             |                          | Up to \$13,000                         | More than \$13,000 |
| 7 to 16     | Edusave                  | \$150                                  |                    |
| 17 to 20    | PSEA                     | \$500                                  | \$250              |

### (IV) CPF Top-up

The Government will make a one-off top-up to the CPF Special or Retirement Account of lower-income Singaporeans with low CPF balances to help them build up their CPF savings.

This top-up is estimated to cost about \$230 million and benefit about 300,000 citizens, the majority of whom will be females.

**Table 4: CPF Top-up**

| Age in 2019 <sup>1</sup> | Combined CPF Ordinary and Special Account <sup>2</sup> or Retirement Account <sup>3</sup> Balance as at 31 Dec 2018 |   |
|--------------------------|---|---|
|                          | Up to \$30,000  | More than \$30,000 and less than \$60,000 |
| 50 to 54                 | \$500   | \$300                                     |
| 55 to 64                 | \$1,000   | \$600                                     |

**Notes:**

1. Eligibility criteria:

- a. Assessable Income for Year of Assessment 2018 not more than \$28,000
- b. Annual Value of home as at 31 Dec 2018 not more than \$21,000
- c. Do not own more than one property

2. For CPF members aged 50 to 55 in 2019

3. For CPF members aged 56 to 64 in 2019



## More Information

| <b>Scheme</b>                             | <b>Contact Details</b>  |
|---|---|
| Bicentennial Community Fund               | <u>Email:</u> <a href="mailto:SGCares@mccy.gov.sg">SGCares@mccy.gov.sg</a>  |
| GST Voucher – Cash (Bicentennial Payment) | <u>Email:</u> <a href="mailto:contactus@gstvoucher.gov.sg">contactus@gstvoucher.gov.sg</a><br><u>Hotline:</u> 1800-2222-888 |
| Workfare Bicentennial Bonus               | <u>Email:</u> <a href="mailto:member@cpf.gov.sg">member@cpf.gov.sg</a><br><u>Hotline:</u> 1800-227-1188                     |
| Personal Income Tax Rebate                | <u>Email:</u> <a href="mailto:taxqueries@iras.gov.sg">taxqueries@iras.gov.sg</a><br><u>Hotline:</u> 1800-356-8300           |
| Edusave and PSEA Top-ups                  | <u>Email:</u> <a href="mailto:contact@moe.gov.sg">contact@moe.gov.sg</a>  |
| CPF Top-up                                | <u>Email:</u> <a href="mailto:contactus@govtopup.gov.sg">contactus@govtopup.gov.sg</a>                                      |

## ANNEX E: TAX CHANGES

### Tax Changes for Vehicles

| S/N                                  | Name of Tax Change   | Existing Tax Treatment  | New Tax Treatment |                                     |                    |   |   |                   |                                     |                    |  |
|--------------------------------------|--|---|-------------------|-------------------------------------|--------------------|---|---|-------------------|-------------------------------------|--------------------|--|
| <b>Restructuring of Diesel Taxes</b> |  |   |                   |                                     |                    |   |   |                   |                                     |                    |  |
| 1.                                   | Restructure Diesel Taxes   | <p>Currently, an excise duty of \$0.10 per litre is imposed on diesel fuel conforming to the standard for sulphur for such diesel fuel specified in Part 1 of the Eighth Schedule to the Environmental Protection and Management (Vehicular Emissions) Regulations (Cap 94A, Rg 6).</p> <p>There is also a lump sum special tax on diesel cars and taxis.</p> <p><b>Diesel Cars</b></p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="background-color: #d9e1f2;">Emission Standard</th> <th style="background-color: #d9e1f2;">Special Tax Rate (every six months)</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">Pre-Euro compliant</td> <td style="text-align: center;">IV<br/>6 times the Road Tax of an equivalent petrol-driven car less \$50</td> </tr> </tbody> </table> | Emission Standard | Special Tax Rate (every six months) | Pre-Euro compliant | IV<br>6 times the Road Tax of an equivalent petrol-driven car less \$50 | <p>With effect from 18 February 2019, the excise duty on diesel fuel will be increased to \$0.20 per litre.<sup>1</sup></p> <p>The annual special tax will be permanently reduced for diesel cars and taxis by \$100 and \$850 respectively.</p> <p><b>Diesel Cars</b></p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="background-color: #d9e1f2;">Emission Standard</th> <th style="background-color: #d9e1f2;">Special Tax Rate (every six months)</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">Pre-Euro compliant</td> <td style="text-align: center;">IV<br/>6 times the Road Tax of an equivalent petrol-driven car less \$100</td> </tr> </tbody> </table> | Emission Standard | Special Tax Rate (every six months) | Pre-Euro compliant | IV<br>6 times the Road Tax of an equivalent petrol-driven car less \$100 |
| Emission Standard                    | Special Tax Rate (every six months)                                      |   |                   |                                     |                    |   |   |                   |                                     |                    |  |
| Pre-Euro compliant                   | IV<br>6 times the Road Tax of an equivalent petrol-driven car less \$50  |   |                   |                                     |                    |   |   |                   |                                     |                    |  |
| Emission Standard                    | Special Tax Rate (every six months)                                      |   |                   |                                     |                    |   |   |                   |                                     |                    |  |
| Pre-Euro compliant                   | IV<br>6 times the Road Tax of an equivalent petrol-driven car less \$100 |   |                   |                                     |                    |   |   |                   |                                     |                    |  |

<sup>1</sup> The excise duty will be imposed on the diesel component of biodiesel. Worked example of duty levied on biodiesel:  
 B20 biodiesel contains 20% biodiesel and 80% diesel. For one litre of B20 biodiesel, the tax levied will be \$0.20/litre \* 1 litre \* 80% = \$0.16.

|                             |  |
|-----------------------------|--|
| Euro IV compliant           | \$0.625 per cc, less \$50, subject to a minimum payment of \$575 |
| Euro V or JPN2009 compliant | \$0.20 per cc, less \$50, subject to a minimum payment of \$150  |

**Diesel Taxis**  
\$2,125 every 6 months

|                             |   |
|-----------------------------|---|
| Euro IV compliant           | \$0.625 per cc, less \$100, subject to a minimum payment of \$525 |
| Euro V or JPN2009 compliant | \$0.20 per cc, less \$100, subject to a minimum payment of \$100  |

**Diesel Taxis**  
\$1,700 every 6 months

Vehicle owners will continue to receive their road tax payment notice (including the special tax payable) based on the existing rates until end-June 2019. For owners paying the special tax based on the existing rates until end-June 2019, as well as those who have already paid the special tax for the period beyond 18 February 2019, the excess special tax paid will be used to offset the amount payable at the next road tax renewal. If the vehicle is transferred to another owner before its next road tax renewal, the excess special tax paid will be offset against the

|    |  |   |   |
|----|--|---|---|
|    |  |   | transfer fee payable, and any remaining excess special tax paid will accrue to the new registered owner.  |
| 2. | Offset measures for commercial diesel vehicles | <p>At Budget 2017, three years of road tax rebates were provided for commercial diesel vehicles:</p> <ul style="list-style-type: none"> <li>• 1 August 2017 – 31 July 2018: 100% Road Tax Rebate</li> <li>• 1 August 2018 – 31 July 2019: 75% Road Tax Rebate</li> <li>• 1 August 2019 – 31 July 2020: 25% Road Tax Rebate</li> </ul> | <p>To cushion the impact of the increase in diesel duty in Budget 2019, three years of road tax rebates will be provided for commercial diesel vehicles:</p> <ul style="list-style-type: none"> <li>• 1 August 2019 – 31 July 2020: 100% Road Tax Rebate</li> <li>• 1 August 2020 – 31 July 2021: 75% Road Tax Rebate</li> <li>• 1 August 2021 – 31 July 2022: 50% Road Tax Rebate</li> </ul> <p>The new road tax rebate of 100% for 1 August 2019 – 31 July 2020 will supersede the road tax rebate of 25% announced at Budget 2017.</p> |
| 3. |  | <p>At Budget 2017, in addition to the three-year road tax rebates, three years of cash grants were provided for diesel school buses:</p> <ul style="list-style-type: none"> <li>• 1 August 2017 – 31 July 2018: \$1,400</li> <li>• 1 August 2018 – 31 July 2019: \$700</li> </ul>   | <p>In addition to the three-year road tax rebates, diesel school buses will be given yearly cash grants to ease the impact of diesel duty on school bus fees:</p> <ul style="list-style-type: none"> <li>• 1 August 2019 – 31 July 2020: \$1,600</li> <li>• 1 August 2020 – 31 July 2021: \$800</li> </ul>  |

|    |  |   |   |
|----|--|---|---|
|    |  | <ul style="list-style-type: none"> <li>• 1 August 2019 – 31 July 2020: \$350</li> </ul>   | <ul style="list-style-type: none"> <li>• 1 August 2021 – 31 July 2022: \$400</li> </ul> <p>The new cash grant for 1 August 2019 – 31 July 2020 will supersede the cash grant of \$350 announced at Budget 2017. The cash grants will be disbursed by LTA every six months.</p>  |
| 4. |  | <p>At Budget 2017, in addition to the three-year road tax rebates, three years of cash grants were provided for eligible diesel private hire and excursion buses that ferry students:</p> <ul style="list-style-type: none"> <li>• 1 August 2017 – 31 July 2018: up to \$1,500</li> <li>• 1 August 2018 – 31 July 2019: up to \$800</li> <li>• 1 August 2019 – 31 July 2020: up to \$450</li> </ul> <p>To be eligible for the cash grants, these buses must have ferried students</p> | <p>In addition to the three-year road tax rebates, eligible diesel private hire and excursion buses that ferry students will also be given cash grants to ease the impact of diesel duty on school bus fees:</p> <ul style="list-style-type: none"> <li>• 1 August 2019 – 31 July 2020: up to \$1,800</li> <li>• 1 August 2020 – 31 July 2021: up to \$900</li> <li>• 1 August 2021 – 31 July 2022: up to \$500</li> </ul> <p>The new cash grant for 1 August 2019 – 31 July 2020 will supersede the cash grant of up to \$450 announced at Budget 2017.</p> <p>To be eligible for the cash grants, these buses must have ferried students continuously for</p> |

|  |  |   |  |
|--|--|---|--|
|  |  | continuously for at least six months. The cash grants will be pro-rated based on the number of days these buses have ferried students in the respective time period. The cash rebates will be disbursed by LTA when the buses' road tax is renewed. | at least six months. The cash grants will be pro-rated based on the number of days these buses have ferried students in the respective time period. The cash rebates will be disbursed by LTA when the buses' road tax is renewed. |
|--|--|---|--|

## Tax Changes for Individuals

| S/N   | Name of Tax Change  | Existing Tax Treatment  | New Tax Treatment   |
|---|---|---|---|
| <b>Bicentennial Bonus</b>                                       |   |   |   |
| 1.  | Personal Income Tax Rebate for resident individual taxpayers for Year of Assessment (“YA”) 2019 | There is no Personal Income Tax Rebate.   | As part of the Bicentennial Bonus, a Personal Income Tax Rebate of 50% of tax payable will be granted to all tax resident individuals for YA 2019 (i.e. for income earned in 2018). The rebate will be capped at \$200 per taxpayer.  |
| <b>Enhancing Progressivity and Resilience of Our Tax System</b> |   |   |   |
| 2.  | Tighten the GST Import Relief for Travellers  | <p>Travellers<sup>2</sup> who spend less than 48 hours outside Singapore get GST import relief for the first \$150 value of goods bought overseas<sup>3</sup>.</p> <p>Travellers who spend at least 48 hours outside Singapore get GST import relief for the first \$600 of the value of goods bought overseas.</p> | <p>To ensure that our tax system continues to remain resilient amidst rising international travel, we have revised the quantum of GST import relief for travellers.</p> <p>Travellers who spend less than 48 hours outside Singapore will get GST import relief for the first \$100 (instead of \$150 currently) of the value of goods bought overseas. Travellers who spend at least 48 hours outside Singapore will get GST import relief for the first \$500 (instead of</p> |

<sup>2</sup> The relief is applicable to Singapore Citizens, Singapore Permanent Residents and tourists, but is not applicable for crew members and holders of a work permit, employment pass, student’s pass, dependant’s pass, or long term pass issued by the Singapore Government.

<sup>3</sup> The relief does not apply to intoxicating liquor and tobacco, as well as goods imported for commercial purposes.

| S/N                          | Name of Tax Change                                  | Existing Tax Treatment   | New Tax Treatment   |                              |                                   |                    |                                     |                    |                                     |         |   |   |          |         |   |   |         |          |  |
|------------------------------|---|--|---|------------------------------|-----------------------------------|--------------------|-------------------------------------|--------------------|-------------------------------------|---------|---|---|----------|---------|---|---|---------|----------|--|
|                              |   |  | <p data-bbox="1373 269 2033 349">\$600 currently) of the value of goods bought overseas.</p> <table border="1" data-bbox="1373 395 2033 620"> <thead> <tr> <th data-bbox="1384 403 1697 467">Time spent outside Singapore</th> <th data-bbox="1697 403 2022 467">Value of goods granted GST relief</th> </tr> </thead> <tbody> <tr> <td data-bbox="1384 467 1697 547">48 hours and above</td> <td data-bbox="1697 467 2022 547">\$500 (down from the current \$600)</td> </tr> <tr> <td data-bbox="1384 547 1697 619">Less than 48 hours</td> <td data-bbox="1697 547 2022 619">\$100 (down from the current \$150)</td> </tr> </tbody> </table> <p data-bbox="1373 671 2033 791">This will take effect for travellers arriving in Singapore from 12.00 am, 19 February 2019.</p> | Time spent outside Singapore | Value of goods granted GST relief | 48 hours and above | \$500 (down from the current \$600) | Less than 48 hours | \$100 (down from the current \$150) |         |   |   |          |         |   |   |         |          |  |
| Time spent outside Singapore | Value of goods granted GST relief                   |  |   |                              |                                   |                    |                                     |                    |                                     |         |   |   |          |         |   |   |         |          |  |
| 48 hours and above           | \$500 (down from the current \$600)                 |  |   |                              |                                   |                    |                                     |                    |                                     |         |   |   |          |         |   |   |         |          |  |
| Less than 48 hours           | \$100 (down from the current \$150)                 |  |   |                              |                                   |                    |                                     |                    |                                     |         |   |   |          |         |   |   |         |          |  |
| 3.                           | Tighten the Duty-Free Allowance for Liquor Products | <p data-bbox="712 845 1305 965">Travellers have three litres of duty-free allowance that can be used in the following ways:</p> <table border="1" data-bbox="712 995 1350 1335"> <thead> <tr> <th data-bbox="723 1003 869 1075">Option</th> <th data-bbox="869 1003 1014 1075">Spirits</th> <th data-bbox="1014 1003 1182 1075">Wine</th> <th data-bbox="1182 1003 1350 1075">Beer</th> </tr> </thead> <tbody> <tr> <td data-bbox="723 1075 869 1166">A</td> <td data-bbox="869 1075 1014 1166">1 litre</td> <td data-bbox="1014 1075 1182 1166">1 litre</td> <td data-bbox="1182 1075 1350 1166">1 litre</td> </tr> <tr> <td data-bbox="723 1166 869 1257">B</td> <td data-bbox="869 1166 1014 1257">-</td> <td data-bbox="1014 1166 1182 1257">2 litres</td> <td data-bbox="1182 1166 1350 1257">1 litre</td> </tr> <tr> <td data-bbox="723 1257 869 1335">C</td> <td data-bbox="869 1257 1014 1335">-</td> <td data-bbox="1014 1257 1182 1335">1 litre</td> <td data-bbox="1182 1257 1350 1335">2 litres</td> </tr> </tbody> </table> | Option  | Spirits                      | Wine                              | Beer               | A                                   | 1 litre            | 1 litre                             | 1 litre | B | - | 2 litres | 1 litre | C | - | 1 litre | 2 litres | <p data-bbox="1373 845 2033 1050">The total duty-free allowance will be two litres, with the maximum duty-free allowance for spirits remaining at one litre. This will take effect on and after 1 April 2019.</p> <p data-bbox="1373 1158 2033 1238">The revised duty-free allowance options are as follows:</p> |
| Option                       | Spirits   | Wine   | Beer  |                              |                                   |                    |                                     |                    |                                     |         |   |   |          |         |   |   |         |          |  |
| A                            | 1 litre   | 1 litre  | 1 litre   |                              |                                   |                    |                                     |                    |                                     |         |   |   |          |         |   |   |         |          |  |
| B                            | -   | 2 litres   | 1 litre   |                              |                                   |                    |                                     |                    |                                     |         |   |   |          |         |   |   |         |          |  |
| C                            | -   | 1 litre  | 2 litres  |                              |                                   |                    |                                     |                    |                                     |         |   |   |          |         |   |   |         |          |  |



| S/N    | Name of Tax Change   | Existing Tax Treatment   | New Tax Treatment   |  |  |  |        |         |      |      |  |   |         |         |   |  |   |         |   |         |  |   |   |         |         |  |   |   |          |   |  |   |   |   |          |  |
|--------|--|--|---|--|--|--|--------|---------|------|------|--|---|---------|---------|---|--|---|---------|---|---------|--|---|---|---------|---------|--|---|---|----------|---|--|---|---|---|----------|--|
|        |  | <p>The duty-free allowance will only be provided if <b>all</b> conditions are fulfilled:</p> <ul style="list-style-type: none"> <li>• Traveller is 18 years old and above;</li> <li>• Traveller spent 48 hours or more outside Singapore immediately before arrival;</li> <li>• Traveller is <u>not</u> arriving from Malaysia;</li> <li>• The liquor is for traveller's own consumption; and</li> <li>• The liquor is not prohibited from import to Singapore.</li> </ul> | <table border="1"> <thead> <tr> <th data-bbox="1373 268 1512 352">Option</th> <th data-bbox="1512 268 1682 352">Spirits</th> <th data-bbox="1682 268 1852 352">Wine</th> <th colspan="2" data-bbox="1852 268 2033 352">Beer</th> </tr> </thead> <tbody> <tr> <td data-bbox="1373 352 1512 437">1</td> <td data-bbox="1512 352 1682 437">1 litre</td> <td data-bbox="1682 352 1852 437">1 litre</td> <td colspan="2" data-bbox="1852 352 2033 437">-</td> </tr> <tr> <td data-bbox="1373 437 1512 521">2</td> <td data-bbox="1512 437 1682 521">1 litre</td> <td data-bbox="1682 437 1852 521">-</td> <td colspan="2" data-bbox="1852 437 2033 521">1 litre</td> </tr> <tr> <td data-bbox="1373 521 1512 606">3</td> <td data-bbox="1512 521 1682 606">-</td> <td data-bbox="1682 521 1852 606">1 litre</td> <td colspan="2" data-bbox="1852 521 2033 606">1 litre</td> </tr> <tr> <td data-bbox="1373 606 1512 691">4</td> <td data-bbox="1512 606 1682 691">-</td> <td data-bbox="1682 606 1852 691">2 litres</td> <td colspan="2" data-bbox="1852 606 2033 691">-</td> </tr> <tr> <td data-bbox="1373 691 1512 775">5</td> <td data-bbox="1512 691 1682 775">-</td> <td data-bbox="1682 691 1852 775">-</td> <td colspan="2" data-bbox="1852 691 2033 775">2 litres</td> </tr> </tbody> </table> <p>All the conditions for the provision of duty-free allowance remain unchanged.</p> |  |  |  | Option | Spirits | Wine | Beer |  | 1 | 1 litre | 1 litre | - |  | 2 | 1 litre | - | 1 litre |  | 3 | - | 1 litre | 1 litre |  | 4 | - | 2 litres | - |  | 5 | - | - | 2 litres |  |
| Option | Spirits  | Wine   | Beer  |  |  |  |        |         |      |      |  |   |         |         |   |  |   |         |   |         |  |   |   |         |         |  |   |   |          |   |  |   |   |   |          |  |
| 1      | 1 litre  | 1 litre  | -   |  |  |  |        |         |      |      |  |   |         |         |   |  |   |         |   |         |  |   |   |         |         |  |   |   |          |   |  |   |   |   |          |  |
| 2      | 1 litre  | -  | 1 litre   |  |  |  |        |         |      |      |  |   |         |         |   |  |   |         |   |         |  |   |   |         |         |  |   |   |          |   |  |   |   |   |          |  |
| 3      | -  | 1 litre  | 1 litre   |  |  |  |        |         |      |      |  |   |         |         |   |  |   |         |   |         |  |   |   |         |         |  |   |   |          |   |  |   |   |   |          |  |
| 4      | -  | 2 litres   | -   |  |  |  |        |         |      |      |  |   |         |         |   |  |   |         |   |         |  |   |   |         |         |  |   |   |          |   |  |   |   |   |          |  |
| 5      | -  | -  | 2 litres  |  |  |  |        |         |      |      |  |   |         |         |   |  |   |         |   |         |  |   |   |         |         |  |   |   |          |   |  |   |   |   |          |  |
| 4.     | Allow resident individual taxpayers to claim Grandparent Caregiver Relief in respect of a handicapped and unmarried dependent child, regardless of the child's age | Working mothers who engage the help of their parents, grandparents, parents-in-law or grandparents-in-law to take care of their young children may claim Grandparent Caregiver Relief, subject to conditions. One of the conditions is that the child has to be 12 years old or below during the year preceding the YA of claim.   | To provide greater support and recognition to working mothers with handicapped and unmarried dependent children, we will allow taxpayers to claim Grandparent Caregiver Relief in respect of a handicapped and unmarried dependent child <sup>4</sup> , regardless of the child's age, if they have met all other conditions. This will take effect from YA 2020 (i.e. for income earned in 2019).  |  |  |  |        |         |      |      |  |   |         |         |   |  |   |         |   |         |  |   |   |         |         |  |   |   |          |   |  |   |   |   |          |  |

<sup>4</sup> Incapacitated by reason of physical or mental infirmity.

| S/N | Name of Tax Change                               | Existing Tax Treatment  | New Tax Treatment   |
|-----|--|---|---|
| 5.  | Lapse the Not Ordinarily Resident (“NOR”) scheme | <p>Under the scheme, an eligible individual granted NOR status for a five-year period may, subject to conditions, receive the following tax concessions:</p> <p>a) Time apportionment of Singapore employment income, whereby he/she would not be subject to tax on the portion of his/her Singapore employment income that corresponds to the number of days he/she has spent outside Singapore for business reasons pursuant to his/her Singapore employment.</p> <p>b) Tax exemption of his/her employer’s contribution to a non-mandatory overseas pension or provident fund.</p> | <p>Access to global talent to complement our local talent is key to maintaining Singapore’s competitiveness and driving our economic growth.</p> <p>The NOR scheme was introduced in Budget 2002 with the objective of attracting talent with regional and global responsibilities to relocate to Singapore. MOF periodically reviews the relevance of our tax schemes.</p> <p>The NOR scheme will lapse after YA 2020. The last such NOR status will be granted for YA 2020 and expire in YA 2024. Individuals who have been accorded the NOR status will continue to be granted NOR tax concessions until their NOR status expires, if they continue to meet the conditions of the concessions.</p> <p>Singapore will continue to build a conducive environment to attract and retain highly-skilled individuals. This includes a competitive tax regime, stable political, economic and social environment, strong regional connectivity, and high standards of healthcare, housing and education.</p> |

**Tax Changes for Businesses**

| S/N  | Name of Tax Change  | Existing Tax Treatment  | New Tax Treatment   |
|--|---|---|---|
| <b>Making Innovation Pervasive and Scaling Up Businesses</b> |   |   |   |
| 1.   | Extend the Writing Down Allowance (“WDA”) for acquisition of qualifying Intellectual Property Rights (“IPRs”) under section 19B of the Income Tax Act (“ITA”) | <p>Under section 19B of the ITA, companies and partnerships are granted WDA on capital expenditure incurred in acquiring qualifying IPRs for use in its trade or business. The expenditure can be written down over five, 10 or 15 years.</p> <p>The qualifying IPRs are patents, trademarks, registered designs, copyrights, geographical indications, layout designs of integrated circuits, trade secrets or information that has commercial value, and grant of protection of plant varieties.</p> <p>The WDA is available for capital expenditure incurred in respect of qualifying IPRs acquired on or before the last day of the basis period for YA 2020.</p> | In recognition that IPRs are important creators of value in a knowledge-based economy, the WDA under section 19B will be extended to cover capital expenditure incurred in respect of qualifying IPRs acquired on or before the last day of the basis period for YA 2025. |
| 2.   | Extend the 100% Investment Allowance (“IA”) under the   | In Budget 2016, an Automation Support Package was introduced for a period of three years to support companies to  | To maintain support to companies in their automation, productivity and scale-up efforts, the 100% IA measure under the  |

| S/N                      | Name of Tax Change   | Existing Tax Treatment  | New Tax Treatment   |
|--------------------------|--|---|---|
|                          | Automation Support Package   | <p>automate, drive productivity and scale up. The package includes 100% IA support on the amount of approved capital expenditure, net of grants, on projects approved by Enterprise Singapore during 1 April 2016 to 31 March 2019. The approved capital expenditure is capped at \$10 million per project.</p>   | <p>Automation Support Package will be extended by two years, for projects approved by Enterprise Singapore from 1 April 2019 to 31 March 2021. The approved capital expenditure will remain capped at \$10 million per project.</p>   |
| <b>Other Tax Changes</b> |  |   |   |
| 3.                       | Extend the income tax concessions for Singapore-listed Real Estate Investment Trusts (“S-REITs”) | <p>A) S-REITs are granted tax transparency if their trustees distribute at least 90% of their taxable income to unitholders in the same year in which the income is derived by the trustee.</p> <p>B) S-REITs are granted the following income tax concessions:</p> <p>a) Tax exemption on S-REITs distributions received by individuals, excluding individuals who derive any distribution:</p> <p>i) through a partnership in Singapore; or</p> <p>ii) from the carrying on of a trade, business or profession;</p> | <p>To continue to promote the listing of REITs in Singapore and to strengthen Singapore’s position as a REITs hub in Asia, the existing tax concessions for S-REITs will be extended till 31 December 2025.</p> <p>The sunset clause for the tax exemption on S-REITs distributions received by individuals will be removed.</p> <p>All other conditions for the income tax concessions remain the same.</p> <p>MAS will provide further details of the change by May 2019.</p> |

| S/N | Name of Tax Change | Existing Tax Treatment  | New Tax Treatment |
|-----|--------------------|---|-------------------|
|     |                    | <p>b) Concessionary income tax rate of 10% for S-REITs distributions received by non-resident non-individual investors; and</p> <p>c) Tax exemption on qualifying foreign-sourced income (i.e. foreign-sourced dividend income, interest income, trust distributions and branch profits) received by S-REITs and wholly-owned Singapore resident subsidiary companies of S-REITs, that is paid out of qualifying income or gains in respect of overseas property acquired on or before 31 March 2020 by the trustee of the S-REITs or its wholly-owned Singapore resident subsidiary company.</p> <p>The income tax concessions at B) are scheduled to lapse after 31 March 2020.</p> |                   |

| S/N | Name of Tax Change  | Existing Tax Treatment  | New Tax Treatment   |
|-----|---|---|---|
| 4.  | Extend the income tax concessions for Singapore-listed Real Estate Investment Trusts Exchange-Traded Funds (“REITs ETFs”) | <p>REITs ETFs are granted the following income tax concessions:</p> <ul style="list-style-type: none"> <li>a) Tax transparency treatment on the distributions received by REITs ETFs from S-REITs, which are made out of the latter’s specified income;</li> <li>b) Tax exemption on such REITs ETFs distributions received by individuals, excluding individuals who derive any distribution: <ul style="list-style-type: none"> <li>i) through a partnership in Singapore; or</li> <li>ii) from the carrying on of a trade, business or profession; and</li> </ul> </li> <li>c) 10% concessionary tax rate on such REITs ETFs distributions received by qualifying non-resident non-individuals.</li> </ul> <p>The income tax concessions are scheduled to lapse after 31 March 2020.</p> | <p>The existing tax treatment accorded to REITs ETFs will be extended till 31 December 2025.</p> <p>The sunset clause will be removed for the tax exemption on REITs ETFs distributions received by individuals.</p> <p>All other conditions for the income tax concessions remain the same.</p> <p>MAS will provide further details of the change by May 2019.</p> |
| 5.  | Extend the GST remission for S-REITs and Singapore-listed   | GST remission is granted to S-REITs and RBTs in the infrastructure business, ship leasing and aircraft leasing sectors, to  | To continue facilitating the listing of S-REITs and RBTs in the infrastructure business, ship leasing and aircraft leasing  |

| S/N | Name of Tax Change  | Existing Tax Treatment  | New Tax Treatment  |
|-----|---|---|--|
|     | Registered Business Trusts (“RBTs”) in the infrastructure business, ship leasing and aircraft leasing sectors | <p>allow them to claim GST on the following, subject to conditions:</p> <ul style="list-style-type: none"> <li>a) their business expenses, regardless of whether they hold underlying assets directly or indirectly through multi-tiered structures such as special purpose vehicles (“SPVs”) or sub-trusts;</li> <li>b) their business expenses incurred to set up SPVs that are used solely to raise funds for the S-REITs or RBTs, and that do not hold qualifying assets of the S-REITs or RBTs, directly or indirectly; and</li> <li>c) business expenses of financing SPVs mentioned in (b).</li> </ul> <p>The GST remission is scheduled to lapse after 31 March 2020.</p> | <p>sectors, the existing GST remission will be extended till 31 December 2025.</p> <p>All conditions for the GST remission remain the same.</p> <p>MAS will provide further details of the change by May 2019.</p> |
| 6.  | Extend and Refine Tax Incentive Schemes for Funds Managed by Singapore-based Fund                             | <p>Qualifying Funds are granted the following tax concessions, subject to conditions:</p> <ul style="list-style-type: none"> <li>a) Tax exemption on specified income (“SI”) derived from</li> </ul>  | <p>To continue to grow Singapore’s asset management industry, the tax concessions relating to Qualifying Funds will be extended till 31 December 2024.</p>   |

| S/N | Name of Tax Change            | Existing Tax Treatment  | New Tax Treatment  |
|-----|-------------------------------|---|--|
|     | Managers (“Qualifying Funds”) | <p>designated investments (“DI”); and</p> <p>b) Withholding tax exemption on interest and other qualifying payments made to non-resident persons (excluding permanent establishments in Singapore).</p> <p>Qualifying Funds comprise the following:</p> <p>a) Basic tier funds (sections 13CA and 13R schemes); and</p> <p>b) Enhanced tier funds (section 13X scheme)</p> <p>To qualify as a basic tier fund, a fund has to meet certain conditions, including not having 100% of the value of its issued securities beneficially owned, directly or indirectly, by Singapore persons<sup>5</sup>.</p> <p>For enhanced tier funds approved as a collective structure, the master fund in the</p> | <p>The sections 13CA, 13R and 13X schemes will also be refined to keep the schemes relevant and to ease compliance burden. The key refinements are as follows:</p> <p>a) The condition that a basic tier fund must not have 100% of the value of its issued securities beneficially owned, directly or indirectly, by Singapore persons will be removed;</p> <p>b) The enhanced tier fund scheme will be enhanced to (i) include co-investments, non-company SPVs and more than two tiers of SPVs, (ii) allow debt and credit funds to access the “committed capital concession”, and (iii) include managed accounts<sup>6</sup>;</p> <p>c) The list of DI will be expanded by removing the counter-party and currency restrictions, and including investments such as credit facilities and advances, and Islamic financial products that are commercial equivalents of DI. The condition for</p> |

<sup>5</sup> “Singapore persons” is defined in the Income Tax (Exemption of Income of Prescribed Persons Arising from Funds Managed by Fund Manager in Singapore) Regulations. It includes persons who are Singapore citizens, residents of Singapore or permanent establishments in Singapore.

<sup>6</sup> A managed account is a dedicated investment account where an investor places funds directly with a fund manager without using a separate fund vehicle.



| S/N | Name of Tax Change | Existing Tax Treatment   | New Tax Treatment  |
|-----|--------------------|--|--|
|     |                    | <p>approved structure can have up to two tiers of SPVs. Such SPVs must be wholly-owned (directly or indirectly) by the master fund and can only take the form of companies.</p> <p>Separately, for real estate, infrastructure and private equity funds applying to be enhanced tier funds, the minimum fund size requirement to be met at the point of application may be determined based on the amount of committed capital (“committed capital concession”).</p> <p>The schemes for Qualifying Funds are scheduled to lapse after 31 March 2019.</p> | <p>unit trusts to wholly invest in DI will be removed;</p> <p>d) The list of SI will be enhanced to include income in the form of payments that fall within the ambit of section 12(6) of the ITA; and</p> <p>e) Qualifying non-resident funds under sections 13CA and 13X will be able to avail themselves of the 10% concessionary tax rate applicable to qualifying non-resident non-individuals when investing in S-REITs and REITs ETFs.</p> <p>The removal of condition in (a) will be effective from YA 2020<sup>7</sup>.</p> <p>The enhancements in (b) will apply on and after 19 February 2019.</p> <p>The enhancements in (c) and (d) will apply to income derived on and after 19 February 2019.</p> |

<sup>7</sup> Applicable from YA 2020 instead of on and after 19 February 2019, to avoid subjecting existing funds to two different set of conditions in the same basis period.

| S/N | Name of Tax Change                             | Existing Tax Treatment  | New Tax Treatment  |
|-----|--|---|--|
|     |  |   | <p>The enhancements in (e) will apply to S-REITs and REITs ETFs distributions made during the period from 1 July 2019 to 31 December 2025.</p> <p>MAS will provide further details of the changes by May 2019.</p> |
| 7.  | Recovery of GST for Qualifying Funds           | <p>As a concession, Qualifying Funds that are managed by prescribed fund managers in Singapore are allowed, by way of remission, to claim GST incurred on expenses at a fixed recovery rate.</p> <p>The concession is scheduled to lapse after 31 March 2019.</p>                                     | <p>To further grow Singapore as a centre for fund management and administration, the concession will be extended till 31 December 2024.</p> <p>MAS will release further details of the change by May 2019.</p>     |
| 8.  | Lapse the Designated Unit Trust (“DUT”) scheme | <p>Under the DUT scheme, specified income derived by a unit trust with the DUT status is not taxed at the trustee level, but is taxable upon distribution in the hands of investors. Qualifying foreign investors and individuals<sup>8</sup> are exempt from tax on distributions made by a DUT.</p> | <p>Tax incentive schemes are reviewed regularly to ensure relevance.</p> <p>The DUT scheme will lapse after 31 March 2019. Funds in the form of unit trusts may apply for other tax incentives for funds.</p>      |

<sup>8</sup> Unless such income is derived through a partnership in Singapore or is derived from the carrying on of a trade, business or profession.

| S/N | Name of Tax Change                              | Existing Tax Treatment  | New Tax Treatment   |
|-----|---|---|---|
|     |   | The DUT scheme is scheduled to lapse after 31 March 2019.   | Existing DUTs will continue to receive the tax deferral benefits under the DUT scheme, on and after 1 April 2019, if they continue to meet all the conditions.  |
| 9.  | Lapse the Approved Unit Trust (“AUT”) scheme    | <p>Under the AUT scheme, the trustee is taxed on its investment income, and 10% of the gains derived from the disposal of securities. The remaining 90% of the gains from the disposal of securities are instead taxed in the hands of the unit holders when distributed. Tax exemption is allowed on such distribution if the unit holder is:</p> <ul style="list-style-type: none"> <li>a) an individual resident in Singapore;</li> <li>or</li> <li>b) a person who is not resident in Singapore and has no permanent establishment in Singapore.</li> </ul> | <p>Tax incentive schemes are reviewed regularly to ensure relevance.</p> <p>The AUT scheme will lapse after 18 February 2019.</p> <p>Existing AUTs will continue to receive the tax concession under the AUT scheme for a period of five years from YA 2020 to YA 2024.</p> <p>This will allow existing AUTs sufficient time to transit to alternative tax incentive schemes, where relevant.</p> |
| 10. | Lapse the Property Tax (Tourist Projects) Order | The Property Tax (Tourist Projects) Order was introduced on 1 January 1987, to promote tourism. Under the concession, the Minister may grant approval for new tourist projects to have their Annual Value computed based on 6% of the preceding   | Schemes are reviewed regularly to ensure relevance. The Property Tax (Tourist Projects) Order will lapse after 18 February 2019.  |

| S/N | Name of Tax Change | Existing Tax Treatment  | New Tax Treatment  |
|-----|--------------------|---|--|
|     |                    | year's gross receipts, for the first five years from the completion of the buildings. | The Government remains supportive of the tourism industry, and has various schemes in place to support tourism projects which have clear economic benefits to Singapore. |

## ANNEX F: FISCAL POSITION IN FY2019

|   | Revised<br>FY2018 | Estimated<br>FY2019 | Change Over<br>Revised FY2018 |             |
|---|-------------------|---------------------|-------------------------------|-------------|
|   | \$billion         | \$billion           | \$billion                     | % change    |
| <b>OPERATING REVENUE</b>  | <b>73.67</b>      | <b>74.90</b>        | <b>1.23</b>                   | <b>1.7</b>  |
| Corporate Income Tax  | 16.14             | 16.72               | 0.59                          | 3.6         |
| Personal Income Tax   | 11.71             | 11.80               | 0.09                          | 0.7         |
| Withholding Tax   | 1.49              | 1.54                | 0.05                          | 3.4         |
| Statutory Boards' Contributions <sup>1</sup>                            | 1.49              | 1.29                | (0.20)                        | (13.2)      |
| Assets Taxes  | 4.59              | 4.69                | 0.10                          | 2.2         |
| Customs and Excise Taxes  | 3.13              | 3.50                | 0.37                          | 11.8        |
| Goods and Services Tax  | 11.29             | 11.69               | 0.40                          | 3.5         |
| Motor Vehicle Taxes   | 2.88              | 3.09                | 0.21                          | 7.4         |
| Vehicle Quota Premiums  | 3.27              | 3.42                | 0.15                          | 4.5         |
| Betting Taxes   | 2.66              | 2.67                | 0.01                          | 0.4         |
| Stamp Duty  | 4.63              | 4.02                | (0.60)                        | (13.1)      |
| Other Taxes <sup>2</sup>  | 6.80              | 6.69                | (0.11)                        | (1.6)       |
| Fees and Charges (Excluding Vehicle Quota Premiums)                     | 3.22              | 3.38                | 0.16                          | 5.0         |
| Others  | 0.37              | 0.38                | 0.01                          | 3.3         |
| Less:   |                   |                     |                               |             |
| <b>TOTAL EXPENDITURE</b>  | <b>78.99</b>      | <b>80.25</b>        | <b>1.26</b>                   | <b>1.6</b>  |
| Operating Expenditure   | 58.63             | 60.79               | 2.16                          | 3.7         |
| Development Expenditure   | 20.36             | 19.47               | (0.89)                        | (4.4)       |
| <b>PRIMARY SURPLUS / DEFICIT<sup>3</sup></b>                            | <b>(5.32)</b>     | <b>(5.36)</b>       |                               |             |
| Less:   |                   |                     |                               |             |
| <b>SPECIAL TRANSFERS<sup>4</sup></b>                                    | <b>9.00</b>       | <b>15.30</b>        | <b>6.30</b>                   | <b>70.0</b> |
| <b>Special Transfers Excluding Top-ups to Endowment and Trust Funds</b> | <b>1.70</b>       | <b>1.74</b>         |                               |             |
| CPF MediSave Top-ups  | 0.09              | 0.06                |                               |             |
| CPF Top-Up  | -                 | 0.23                |                               |             |
| Post-Secondary Education Account Top-Up                                 | -                 | 0.08                |                               |             |
| GST Voucher Special Payment <sup>5</sup>                                | 0.00              | 0.44                |                               |             |
| Productivity and Innovation Credit                                      | 0.18              | 0.05                |                               |             |
| Service & Conservancy Charges Rebate                                    | 0.13              | 0.13                |                               |             |
| SG Bonus  | 0.68              | 0.01                |                               |             |
| Wage Credit Scheme  | 0.61              | 0.65                |                               |             |
| Workfare Special Bonus <sup>6</sup>                                     | -                 | 0.08                |                               |             |
| Other Transfers <sup>7</sup>  | 0.01              | 0.00                |                               |             |
| <b>BASIC SURPLUS / DEFICIT<sup>8</sup></b>                              | <b>(7.02)</b>     | <b>(7.09)</b>       |                               |             |
| <b>Top-ups to Endowment and Trust Funds</b>                             | <b>7.30</b>       | <b>13.56</b>        |                               |             |
| Community Silver Trust  | 0.30              | -                   |                               |             |
| GST Voucher Fund  | 2.00              | -                   |                               |             |
| Long-Term Care Support Fund   | -                 | 5.08                |                               |             |
| Merdeka Generation Fund   | -                 | 6.10                |                               |             |
| Public Transport Fund   | -                 | 0.01                |                               |             |
| Rail Infrastructure Fund  | 5.00              | 2.00                |                               |             |
| Special Employment Credit Fund  | -                 | 0.37                |                               |             |
| Add:  |                   |                     |                               |             |
| <b>NET INVESTMENT RETURNS CONTRIBUTION</b>                              | <b>16.44</b>      | <b>17.17</b>        | <b>0.73</b>                   | <b>4.5</b>  |
| <b>OVERALL BUDGET SURPLUS / DEFICIT</b>                                 | <b>2.12</b>       | <b>(3.48)</b>       |                               |             |

Note: Due to rounding, figures may not add up. Negative figures are shown in parentheses.

<sup>1</sup> From FY2019 onwards, Statutory Boards' Contributions (SBC) from the Monetary Authority of Singapore (MAS) in a given financial year are calculated as the average of "Contribution to Consolidated Fund" (in lieu of corporate income tax) reported in MAS' financial statements for the preceding three years. This is to reduce the volatility in MAS' annual contributions. MAS' SBC in FY2019 should thus comprise one-third of "Contribution to Consolidated Fund" reported in MAS' financial statements for FY2016/17, FY2017/18 and FY2018/19. As MAS' "Contribution to Consolidated Fund" for FY2016/17 and FY2017/18 have been paid in full in FY2017 and FY2018 respectively, MAS' SBC in FY2019 comprises only one-third of MAS' "Contribution to Consolidated Fund" for FY2018/19. MAS' SBC in FY2020 will in turn comprise one-third of MAS' "Contribution to Consolidated Fund" for FY2018/19 and FY2019/20, and MAS' SBC in FY2021 will comprise one-third of MAS' "Contribution to Consolidated Fund" for FY2018/19, FY2019/20 and FY2020/21.

<sup>2</sup> Other Taxes include the Foreign Worker Levy, Water Conservation Tax, Development Charge and Annual Tonnage Tax.

<sup>3</sup> Surplus / Deficit before Special Transfers (including Top-ups to Endowment and Trust Funds) and Net Investment Returns Contribution.

<sup>4</sup> Special Transfers including Top-ups to Endowment and Trust Funds.

<sup>5</sup> The GST Voucher Special Payment committed in Budget 2018 comprises the Additional GST Voucher – U-Save with payments starting in late FY2018. The GST Voucher Special Payment committed in Budget 2019 comprises the GST Voucher – Cash (Bicentennial Payment).

<sup>6</sup> The Workfare Special Bonus committed in Budget 2019 comprises the Workfare Bicentennial Bonus.

<sup>7</sup> Consists of Productivity and Innovation Credit Bonus, Rebate for School Buses, SME Cash Grant, Top-ups to Child Development Accounts, and funding for Self-Help Groups in FY2018. Consists of Productivity and Innovation Credit Bonus, Rebate for School Buses, SME Cash Grant, and Top-ups to Child Development Accounts in FY2019.

<sup>8</sup> Surplus / Deficit before Top-ups to Endowment and Trust Funds, and Net Investment Returns Contribution.