# Singapore's Solidarity Budget

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**Highlights**

**The Solidarity Budget, amounting to another $5.1 billion and requiring another draw on reserves by $4 billion, will bring the earlier $48 billion Resilience Budget on 26b March and the $6.4 billion Unity Budget on 18 February to $59.9 billion. The latter will amount to 12% of GDP** to tide over the one month circuit breaker from 7 April to 4 May that will see the closure of all schools and most workplaces apart from essential services. The Solidarity Budget comprises of $4 billion to help businesses and workers through the Covid-19.

**The key highlights of the Solidarity Budget** are as follows:

- **Further measures to ease labour costs for firms** including 75% wage offset for Singaporean workers in all industries and also a foreign worker levy rebate of $750 for each work permit or S-pass holder as early as 21 April.
- **More support on rental costs**, with a Bill to ensure property owners pass on Property Tax Rebate in full, as well as allow businesses and individuals to defer rent payment, loan repayment or work completion, and additional rental waiver for industrial, office and agricultural tenants of government properties from 0.5 to 1 month.
- **Enhanced financing support** through greater government risk-sharing of 90% (previously 80%) for the Temporary Bridging Loan Program, Enterprise Financing Scheme – SME Working Capital Loan and Enterprise Financing Scheme and Trade Loan for loans initiated from 8 April till 31 March.
- **Enhanced Self-Employed Person Income Relief Scheme (SIRS)** where the net will be widened to more self-employed persons with property annual value threshold of $21,000 (up from $13,000 previously) which will include those who live in some condos and other private properties, and also automatically include the self-employed persons who also earn a small income from employment work.

**The enhancement of the Jobs Support Scheme** (JSS) is important as the government will hike the wage subsidy from 25-75% for the first $4,600 wages paid to 75% for all industries in April. This would be welcomed as the current Covid-19 pandemic is an economic hailstorm that leaves no stones unturned and no industries immune, and would hopefully encourage firms to retain local workers during this period of uncertainty. In particular, the one-month circuit breaker starting tomorrow until 4 May, is likely to contribute to a temporary stalling of the economic engine and is likely to take a heavy toll on businesses and the livelihoods of many Singaporean workers. At this juncture, it is also uncertain if the one-month circuit breaker will succeed in breaking the local transmission channel and not be extended further. For the remaining qualifying months, the JSS will still be tiered to 75% (aviation & tourism), 50% (food services), and 25% for all other sectors.

**The Solidarity Payment of an additional $300 for all Singaporeans aged 21 and above in 2020, to bring the total to $600 to be paid out by 14 April,** including the $300 from Care and Support which was originally supposed to be paid out from August 2020. This recognises the urgent cash needs of Singaporeans during this period of job uncertainty, especially for the displaced workers and self-employed workers who may be suffering financial distress due to the Covid-19 pandemic.

**This Solidarity Budget will mark a further $4 billion draw on past reserves**, coming in quick step to the earlier $17 billion draw required by the Resilience Budget, and the President has also given in-principle support for it. While there are hints that there is the future possibility to do more if necessary, the question may arise about how much more can and should be drawn from past reserves. This is a difficult question to answer as we do not know how deep the reserves are at the end of the day, but there may be greater pressure to dip into the kitty the next time we have a recession as well.

**We retain our -3% GDP growth forecast for Singapore in 2020**. While we see downside risks from the one-month domestic circuit breaker and growing global recession headwinds, it is hard to call where the bottom is from here given the rapidly evolving Covid-19 pandemic and how much of an impact the cumulative effect of the Unity, Resilience and Solidarity Budgets may have, albeit we do not think that the latter will be able to avert a recession story this year.

**ANNEX C-2: REVISED FY2020 FISCAL POSITION[1]**

| | Estimated FY2020 | Revised FY2020 | Change Over Estimated FY2020 |
|---|---|---|---|
| | $billion | $billion | $billion |
| OPERATING REVENUE | 76.0 | 70.4 | (5.6) |
| Less: | | | |
| TOTAL EXPENDITURE | 83.6 | 89.8 | 6.2 |
| PRIMARY SURPLUS / DEFICIT[1] | (7.6) | (19.4) | |
| Less: | | | |
| SPECIAL TRANSFERS[2] | 22.0 | 43.6 | 21.6 |
| Special Transfers Excluding Top-ups to Endowment and Trust Funds | 4.7 | 26.3 | |
| BASIC SURPLUS / DEFICIT[3] | (12.3) | (45.6) | |
| Top-ups to Endowment and Trust Funds | 17.3 | 17.3 | |
| Add: | | | |
| NET INVESTMENT RETURNS CONTRIBUTION | 18.6 | 18.6 | - |
| OVERALL BUDGET SURPLUS / DEFICIT | (10.9) | (44.3) | |

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

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

2 Special Transfers including Top-ups to Endowment and Trust Funds

3 Surplus / Deficit before Top-ups to Endowment and Trust Funds, and Net Investment Returns Contribution.

Source: singaporebudget.gov.sg

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