**FOURTEENTH PARLIAMENT OF SINGAPORE**

**First Session**

# REPORT OF THE ESTIMATES COMMITTEE

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# ESTIMATES COMMITTEE

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## List of Abbreviations and Acronyms

| *Abbreviation* | | *Phrase* |
|---|---|---|
| AV | - | Annual Value |
| BIC | - | COVID-19 Budget Implementation Committee |
| CSG | - | COVID-19 Support Grant |
| ESG | - | Enterprise Singapore |
| FY | - | Financial Year |
| JGI | - | Jobs Growth Incentive |
| JSS | - | Jobs Support Scheme |
| LTA | - | Land Transport Authority |
| NEA | - | National Environment Agency |
| PFI | - | Participating financial institutions |
| PSTLES | - | Public Sector Taking the Lead in Environmental Sustainability |
| PTR | - | Property Tax Rebates |
| RIE | - | Research, Innovation and Enterprise |
| RMPs | - | Resource Management Plans |
| SEPs | - | Self-Employed Persons |
| SINGA | - | Significant Infrastructure Government Loan Act |
| SIRS | - | Self-Employed Person Income Relief Scheme |
| SGUJS | - | SGUnited Jobs and Skills Package |
| SM | - | Sustainability Manager |
| SMTA | - | ComCare Short-to-Medium-Term Assistance |
| SP | - | Solidarity Payment |
| SPOR | - | Singapore Public Sector Outcomes Review |
| SSIC | - | Singapore Standard Industrial Classification |
| SSS | - | Silver Support Scheme |
| SUC | - | Solidarity Utilities Credit |
| TACs | - | Trade Associations and Chambers |
| TRF | - | Temporary Relief Fund |
| WIS | - | Workfare Income Supplement |
| WOG | - | Whole-of-Government |
| WSG | - | Workforce Singapore |
| WSP | - | Workfare Special Payment |
| VFM | - | Value-for-Money |

# REPORT OF THE ESTIMATES COMMITTEE

The Estimates Committee, appointed in pursuance of Standing Order No 100 (3), had agreed to the following Report:

1 The Estimates Committee considered the Budgets for the Financial Year (FY) 2020/2021 (Paper Cmd 24 of 2020) and for the Financial Year (FY) 2021/2022 (Paper Cmd 5 of 2021), and enquired into certain matters, including monitoring of COVID-19 support schemes and measures taken to address Singapore's challenging fiscal position. The Committee also made enquiries on the measures taken to encourage the adoption of healthy lifestyle by Singaporeans to manage the fiscal burden of healthcare and the Singapore Green Plan 2030. The Ministerial Statement made by Minister for Finance on 5 July 2021 on "Support Measures for Phase 2 (Heightened Alert) and Phase 3 (Heightened Alert)" would be considered in the Committee's future work.

2 Over the course of its enquiry, the Committee received two memoranda from the Ministry of Finance (MOF) on 25 March 2021 and 24 May 2021.

## MONITORING OF COVID-19 SUPPORT SCHEMES

3 The Committee noted that several COVID-19 support schemes were announced in the Budget 2020 Statement and other Ministerial Statements made by Deputy Prime Minister Heng on 26 March, 6 April, 26 May and 5 October 2020 to help Singaporeans cope with the pandemic. In his 26 May Ministerial Statement, DPM Heng said that a total of $92.9 billion had been set aside for these support schemes, of which $52 billion would be drawn from the past reserves.

### Effectiveness of the support schemes

4 As part of monitoring the usage of public monies and effectiveness of the support schemes, the Committee asked MOF for tangible outcomes from the monies disbursed and how the Government would measure the effectiveness of these support schemes. The Committee was also interested to know whether the Government had identified specific vulnerable groups in the population affected by the COVID-19 pandemic, including but not limited to senior

citizens, and how these groups had been specifically targeted for support and assistance under the various COVID-19 support schemes.

5 MOF shared that the COVID-19 pandemic led to unprecedented disruptions to the global economy and to Singapore, which required the Government to act swiftly and effectively in a rapidly evolving and highly uncertain situation. The Government responded decisively through a combination of public health measures, fiscal support for workers, businesses and households, accommodative monetary policy and temporary measures to suspend performance of obligations affected by COVID-19. It introduced five Budgets over a span of nine months in 2020 to protect lives and livelihoods, committing close to $100 billion in economic and social support as well as public health management measures. These had to be delivered under highly compressed timelines. For instance, at the height of the crisis, the Government introduced the Solidarity Budget on 6 April to help businesses and citizens tide over the Circuit Breaker (which started on 7 April), even before the Resilience Budget (first presented on 26 March) was passed by Parliament.

6 MOF explained that the three main thrusts of the Government's response to the pandemic have been to protect lives, to protect livelihoods and to strengthen social support.

7 To **protect lives**, the Government committed $13.8 billion to public health measures. This has mainly gone into (i) expanding testing and quarantine capacity, (ii) expanding medical capacity and health supplies, and (iii) securing early access to safe and effective COVID-19 vaccines. Like many other countries, Singapore implemented stringent movement control measures, including travel restrictions and the Circuit Breaker. While these had been effective in preventing large community outbreaks, the movement control measures coupled with economic disruptions around the world had economic repercussions. Singapore's GDP fell 13.2% in the second quarter of 2020 from the previous quarter, when the Circuit Breaker took place, the largest quarterly contraction on record.

8 To **protect livelihoods**, the Government devoted $73.5 billion of support to workers and businesses. As the pandemic developed, the slew of measures evolved in response to changing needs.

(a) Preserve jobs and key corporate capabilities. Initial measures were aimed at providing broad-based emergency relief to workers and businesses in order to preserve jobs amid slower economic activity. These also sought to preserve productive capacity in order to avoid longer-term scarring of the economy even as the pandemic curbed demand. Measures therefore helped businesses to reduce costs, ease cashflow and maintain access to credit, as preserving corporate capabilities was the key means to protect jobs for local workers.

   i. To reduce costs, the Government subsidised up to 75% of wages for all resident workers through the Jobs Support Scheme (JSS), to which the Government devoted $26.9 billion. It also provided rental and property tax rebates to defray operational costs.

   ii. To ease cashflow, Government granted deferments for corporate and personal income taxes.

   iii. In a crisis like this, credit could tighten significantly and suddenly. To maintain access to credit and avoid unnecessary bankruptcies of viable companies, the Government rolled out financing schemes such as the Temporary Bridging Loan Programme.

(b) Provide differentiated support amid uneven impact. Given the uneven impact of the crisis, support was differentiated by sector. The JSS was tiered by sector to differentiate the level and duration of support based on the degree to which the sector was impacted. On top of this, sector-specific support was provided for sectors most adversely affected by the crisis, such as aviation, tourism, land transport and arts, culture and sports. Over time, as more economic activity resumed, the Government shifted towards more targeted support for the most affected sectors while tapering off broad-based support.

(c) Facilitate resource reallocation and business transformation. As the crisis evolved and the local situation became more stable, the Government shifted its focus from emergency relief to measures that facilitated economic transformation. These include the SGUnited Jobs and Skills Package (SGUJS), which helped recent tertiary graduates and mid-career jobseekers access job opportunities and traineeships, as well as company attachment and training opportunities to help them develop new skills and boost their employability to prepare for the labour market recovery. The

Jobs Growth Incentive (JGI) under this package aimed to incentivise growing firms to accelerate local hiring and facilitate labour shifts into growth sectors. To prepare businesses and workers for a post-COVID-19 world, the Government scaled up support for digital transformation and productivity improvements.

9 To **strengthen social support**, the Government committed $10 billion of COVID-19 support through direct cash transfers and social assistance schemes to provide immediate relief for households and individuals. This came on top of the significant support to protect jobs and hence livelihoods. Social support was carefully structured to provide more help where it was needed, layering on top of broad-based, permanent social support schemes and safety nets. Overall, the social support in 2020 comprised four layers:

(a) Structural schemes as part of the social safety net. Over the years, the Government had strengthened social support and safety nets to support all Singaporeans, especially the vulnerable. These include support for education and healthcare for all, as well as targeted support for the lower-income and vulnerable through all life stages, such as the GST Voucher scheme, Workfare Income Supplement (WIS), Silver Support Scheme (SSS) and ComCare.

(b) Enhanced support for vulnerable groups. To address the disproportionate impact of COVID-19 on vulnerable groups (which was experienced across all countries), the Government introduced temporary enhancements to permanent schemes. For instance, the Workfare Special Payment (WSP) provided a one-off cash payout of $3,000 to low-wage workers and Self-Employed Persons (SEPs) on Workfare. The Ministry of Social and Family Development (MSF) also exercised flexibility when considering ComCare applications, provided new ComCare Short-to-Medium-Term Assistance (SMTA) beneficiaries with at least six months of social assistance as a default, and automatically extended support to new SMTA beneficiaries whose assistance ended between May and Oct 2020.

(c) Progressive relief delivered promptly. At the height of the crisis, the Government provided financial relief for families through new, one-off broad-based schemes such as Care and Support – Cash, Solidarity Payment and Solidarity Utilities Credit. Payouts under these schemes were automatically disbursed to individuals and households to ensure timely support to all Singaporeans. MOF ensured that the combined impact of schemes continued to be progressive, with the lower-income receiving more. For example, the Care and Support – Cash quantum was tiered by income level, with higher payouts to lower-income groups. Grocery Vouchers were given to Singaporeans living in 1- and 2-room HDB flats to offset their daily living expenses.

(d) Additional relief schemes for those significantly affected by COVID-19. The Government also rolled out relief schemes to support those whose livelihoods were disrupted, to provide some bridging support while they sought new jobs or took up skills training opportunities. These include the Temporary Relief Fund (TRF) and COVID-19 Support Grant (CSG), which provided interim support to workers who had experienced job or significant income loss, as well as the Self-Employed Person Income Relief Scheme (SIRS), which supported SEPs with less means and family support to tide over the economic uncertainty. The TRF, CSG, and SIRS had helped more than half a million individuals.

10 The Committee learnt from MOF that the Government had been monitoring the impact of COVID-19 measures closely. In addition to existing monitoring mechanisms, it set up an inter-agency COVID-19 Budget Implementation Committee (BIC) to track the progress and outcomes of the support measures introduced. BIC took a citizen- and business-centric view to ensure smooth and effective WOG implementation of the Budget COVID-19 measures. MOF took the view that while it was useful to look at scheme-level effectiveness, it was more important for the Government to look at the COVID-19 support package as a whole and assess its overall macroeconomic impact. This was because different schemes target different groups with different needs, but they joined up to provide holistic support across the economy and for all households.

11 Based on the interim assessment report released by MOF in February 2021, found in Annex A, MOF shared with the Committee that the early data on the COVID-19 Budget measures had been encouraging. The schemes had reached the intended target groups and achieved the objectives of preserving jobs and cushioning shocks to businesses and households. For instance:

(a) Economic impact: The fiscal measures, together with the monetary measures introduced by MAS, were estimated to have nearly halved the fall in GDP. Based on the Ministry of Trade and Industry's (MTI) advance estimates released on 4 January 2021, 2020 GDP growth was expected to come in at −5.8%. MAS modelling found that the fiscal measures undertaken in response to the COVID-19 shock supported GDP growth by 5.5 percentage points. The accommodative monetary policy stance of the MAS contributed a further 1.1 percentage points. The COVID-19 shock could have caused an even deeper recession in the Singapore economy in the absence of support from fiscal and monetary policies, with GDP contracting by at least 12%. The measures were also estimated to have prevented the resident unemployment rate from rising by a further 1.7 percentage points in 2020. A large part of this impact was attributable directly to jobs-related measures, with the JSS alone estimated to have contributed 0.9 of a percentage point.

(b) Social impact: Schemes that directly supported individuals and households exhibited progressivity across income and housing types. By focusing more support for vulnerable groups (e.g. lower-income and those in smaller flat types), the schemes had helped reduce social inequality. Based on the Department of Statistics' Key Household Income Trends Report for 2020, the Gini coefficient after accounting for government taxes and transfers fell to a record low of 0.375 in 2020, or a reduction of 0.077 compared to 2019.

12 MOF informed the Committee that the full impact of the overall policy response on the economy was likely to be larger as the estimated impact of fiscal and monetary support had not included measures such as liquidity and credit relief support to firms. The view taken was that the longer-term effects of the COVID-19 support scheme were still working through the economy.

13 When queried by the Committee if there would be regular interim assessments on the effectiveness of COVID-19 support schemes, including those announced in Budget 2021, and if so, how regularly such assessments would be conducted, MOF shared that it would continue to assess the impact of the COVID-19 support schemes as appropriate, taking into account the time that the measures would take to work through the economy and when data would become

available. As some measures were designed to prevent economic scarring, effects would only be discernible in the medium term. The Government had been releasing data and outcomes regularly (e.g. MOM released at least one edition of the Jobs Situation Report per month[1]) and would release broader summary assessments at useful junctures.

14 Referencing Chart 20 of the interim assessment report, the Committee noted that after accounting for Government transfers and taxes, the Gini coefficient among Resident Employed Households in 2020 fell to 0.375, or a reduction of 0.077, which showed that the worst-hit people had the most support from the Government's COVID-19 measures. This prompted the Committee to make an additional query to MOF on how the Gini coefficient of 0.375 for 2020 compared with the Gini coefficient of other countries in the same time period and what the ideal sustainable Gini coefficient would be for the longer term.

15 In reply, MOF recommended that the Gini coefficient in Chart 20 be interpreted in the context that it was presented, i.e. changes in Singapore's Gini coefficient over time. As the economy recovers, some of the substantial COVID-19 support schemes would be eased. Hence, MOF said it would be cautious about extrapolating the redistribution seen in 2020 into the long term. MOF also took the view that it would not be advisable to make robust conclusions from cross-country comparisons of the Gini coefficients as countries differed significantly in their social contexts and institutional structures. Moreover, different countries may compute indicators using different data definitions and scope, and data on the Gini coefficients of most other countries for 2020 remained unavailable. Hence, MOF thought it would be more useful to compare trends over time for each individual jurisdiction. MOF also pointed that the Gini coefficient captured only part of the impact of the pandemic crisis, as during the crisis, the Government had ensured that opportunities in education and the labour market were made available to those who could be more affected.

16 As to whether the COVID-19 support measures were distributed in a progressive manner, the Committee noticed that this had generally been the case as shown in Chart 18 of the interim assessment report where households in the lower quintiles received more benefits compared to those in the upper quintiles. The Committee made a further query on whether

[1] 21 editions of the Jobs Situation Report have been released since 11 August 2020.

MOF would be able to share movements between quintiles in 2020 to gauge the pandemic impact on households.

17 Responding to this further query, MOF explained that Chart 18 was based on cross-sectional household data and showed the distribution for the key COVID-19 benefits. It would thus not be useful to compare changes over time, as 2020 was an unusual year.

**Observations and Recommendations**

18 The Committee was appreciative of efforts by MOF to share the assessment on the impact and effectiveness of the COVID-19 support schemes using the best available evidence. Given the evolving nature of the pandemic, the Committee agreed with MOF that they should continue to assess the impact of the COVID-19 support schemes and to release broader summary assessments at useful points in time. The Committee also suggested that MOF continue to improve and develop the evidence for these assessments, and where possible, incorporate information and data from social and academic research surveys and studies.

**COVID-19 Support Schemes for Jobs, Self-Employed, Businesses and Special Sectors**

19 Noting the different COVID-19 support scheme for jobs, self-employed, businesses and special sectors, the Committee asked MOF for the amounts set aside for each of these schemes, the amount disbursed thus far, the take-up rate where applicable and the number of beneficiaries.

20 MOF provided the requested information on the schemes, with the largest budgetary allocation set aside to support businesses and jobs, as shown in Annex B. MOF said that they had not indicated take-up rates as the key schemes had been administered through automatic disbursement. For application-based schemes, it was not meaningful to use the entire population of enterprises as the denominator for take-up rate, as the design intent of these schemes was for companies which needed the support to apply for them, as the crisis evolved and their circumstances changed. MOF highlighted that circumstances might have changed for the worse or better, depending on the industry and firm-specific factors.

21 To the Committee's query on the planning criteria used to arrive at the budget set aside for each of the schemes, MOF explained that the support measures were designed and sized using both top-down and bottom-up approaches.

(a) Top-down. MOF designed the overall package of schemes to ensure that the aggregate fiscal support was appropriate to address the projected macroeconomic outlook.

  i. For instance, it took into consideration the estimated output gap and impact of the pandemic on different sectors when sizing the overall fiscal injection and distribution of the support. Budgets for each scheme were then calibrated based on how the various schemes could collectively mitigate the economic impact across the economy and address the needs of different sectors.

  ii. On the jobs and skills front, MOF took into account baseline unemployment and MTI's unemployment projections resulting from the economic impact of COVID-19, to arrive at the target of creating 100,000 jobs, traineeships, attachments and skills training opportunities. The stipends and Government co-funding levels were calibrated to ensure that the gradient of support was tilted towards jobs and with more support for groups in greater need (e.g. mature workers).

(b) Bottom-up. The budget for each scheme was sized according to its objective, support level and projected number of beneficiaries.

  i. For example, for JSS, firms were tiered by sectors based on the expected impact of the COVID-19 pandemic, and then ascribed differential support levels to offset a proportion of the expected impact. Administrative data such as the number of active firms, SSIC classification and CPF contributions were used to estimate the number of beneficiaries in each tier to arrive at the budget needed.

  ii. On the employment support front, in curating the opportunities under the SGUJS, sectoral lead agencies identified the number of job openings available and the skills required in their sectors, including future ones. For training, SSG and WSG also reviewed the number of places training providers or companies could potentially offer and ramp up during the crisis.

  iii. Agencies with knowledge of specific sectors provided inputs on areas of need.

22 The Committee then queried MOF about the mechanisms employed by the Government to apprise businesses of the various schemes and whether any improvements could be made to the outreach programmes so that the support schemes cast a wider net and no affected businesses fell through the cracks.

23 It was shared with the Committee that the Government worked to ensure that outreach was as wide as feasible in the following ways:

(a) Active post-announcement communications campaign. Following the announcements, the policy owners of the respective schemes issued press releases, interstitials, infographics and social media posts through various communication platforms (e.g. Facebook posts, television, newspapers, agencies' webpages, Gov.sg WhatsApp services) on the key details of each scheme, including information on the eligibility, payout quantum, expected payout timelines and where to find more information. Collaterals were also disseminated promptly, such as to grassroots leaders, trade associations and chambers of commerce. Mass communication materials such as Budget booklet, interstitials and briefing slides were made available in four official languages.

(b) Setting up dedicated webpages with channels for feedback. Dedicated webpages were set up by the various implementing agencies. For instance, MOF continually updated its Budget website with the latest information on the various Budget measures. IRAS, as the implementing agency for JSS, set up a dedicated webpage with information and FAQs on the JSS. The different policy owners also ramped up their capacity to respond to feedback. For instance, MOF set up a new SGBudget email account manned by an expanded team of MOF officers as a single point of contact on the various Budget announcements. Enquiries and feedback were then triaged and redirected to the relevant agencies for response.

(c) Stepping up stakeholder engagement. MOF and agencies actively engaged their respective industry stakeholders to explain the available schemes, including through dialogues, briefings and intermediaries such as the TACs and financial institutions.

(d) Outreach by sectoral lead agencies. Agencies stepped up communication and outreach efforts, directly engaging the industry and businesses on the relevant schemes. For example, under the SGUJS package, 5,000 host organisations had offered traineeships/attachments places and 37 training providers had offered skills training opportunities. To increase outreach and ground presence, WSG organised more than 1,300 events in 2020 (e.g. virtual and physical career fairs, SGUJS info kiosks, Careers Connect On-the-Go etc.) to bring career matching services closer to jobseekers in the heartlands. This was a 40% increase from the number of events organised in 2019.

24 To ensure that support reached the intended beneficiaries in a timely manner, the Government adopted the following strategies in scheme design and implementation:

(a) Automatic disbursement of support, where possible, to minimise the need for applications. To ensure that assistance could reach the target group in a timely manner, support was automatically disbursed to all eligible businesses where possible (e.g. JSS, rental relief). Agencies also notified businesses to inform them of their eligibility and disbursements. For example, for JSS, payouts were computed and disbursed automatically based on CPF contribution data. For each payout, each firm received a notification letter from IRAS, to inform them of the quantum of their payout and method of transfer.

(b) Refinements to scheme design in response to feedback. For example, as the pandemic developed, it became clearer that the impact would be highly uneven across industries. The Government introduced tiering for JSS at the Resilience Budget to better target support to sectors which were badly affected. JSS support was also enhanced for all firms during the Circuit Breaker. JSS was further enhanced to include wages paid to shareholder-directors, after feedback that these business owners of micro-SMEs and start-ups were ineligible for support measures for individuals, such as the TRF and SIRS.

(c) Introduce new legislation to correct market failures and ensure that support flowed to their intended recipients. For instance, the Government introduced legislation to mandate that Property Tax Rebates (PTR) be passed on. This involved striking a delicate balance between providing emergency support to the intended beneficiaries and the need to avoid excessive Government interference in private contracts. Subsequently, when more rental support was needed, the Government introduced the rental grant and rental relief framework to supplement the PTR and reached tenants through an automatic waiver.

*Monitoring of COVID-19 Support Schemes for Jobs, Self-Employed, Businesses and Special Sectors*

25 Given the large amount of public monies set aside for the COVID-19 support schemes for jobs, self-employed, businesses and special sectors, the Committee asked MOF for the monitoring mechanisms in place to ensure that funds were properly disbursed and to prevent abuse. In addition, the Committee enquired about the safeguards in place to ensure that each scheme was administered in accordance with the intent of the scheme.

26 In reply, MOF shared that in order to balance the need to provide quick assistance and to prevent abuse, the Government agencies adopted risk-based approaches for all the COVID-19 support measures. The agencies considered the possibilities of fraud and unintended beneficiaries upfront in scheme design, deployed various monitoring mechanisms and safeguards to prevent abuse of schemes and ensured that funds were disbursed to the appropriate beneficiaries. Some examples of these features at each stage of disbursement are:

(a) <u>Scheme Design</u>. For the cash grant disbursement under the Rental Relief Framework, the landlord was required to serve a copy of the notice of cash grant on their tenants within four working days of receipt with some flexibility on the timeline where warranted. Failure to serve the notice of the cash grant, without reasonable ground, constituted an offence under the COVID-19 (Temporary Measures) Act. The payout was disbursed to the landlord who in turn was required by law to provide the appropriate rental waiver. On the part of tenants, there was a natural check on their eligibility for rental relief, as landlords would be incentivised to apply to MinLaw's panel of assessors to review their tenants' eligibility, if their tenants were ineligible.

(b) <u>Pre-Disbursement</u>. For JSS, IRAS performed an independent pre-disbursement audit to ensure that the allotments were correct. IRAS also had an anti-gaming system to detect fraud and erroneous claims. An audit review was carried out on cases suspected of higher fraud risks before the payouts were released. Subject to the findings of the review, the JSS amount could be adjusted or employers could be asked to rectify their CPF contribution errors before payment. Cases with strong corroborative evidence to support JSS abuse were reported to the Commercial Affairs Department for investigation and prosecution while cases involving phantom employees were highlighted to MOM. Businesses or individuals could also report potential abuses of JSS via email or online and identities of informants were kept strictly confidential. For financing schemes such as the Temporary Bridging Loan Programme, ESG had put in place a stringent assessment process, assessing financial institutions based on their operating track record of loans administration before they were appointed as participating financial institutions (PFIs).

(c) Post-Disbursement. After recipients receive the funds, the patterns of disbursement and take-up were monitored at appropriate platforms and independent audits were conducted to ensure that funds were disbursed appropriately. Based on findings from the reviews and audits, agencies would take the appropriate follow-up actions where necessary.

*Utilisation of Loan Capital*

27 Having observed the under-utilisation of the loan capital in item 10 of Annex B, the Committee asked MOF for the reasons leading to the under-utilisation and whether any assessment had been done. The Committee also queried MOF on whether there was a need to review the budgetary provision for such loan capital and the learning points that could be applied for similar measures in the future.

28 MOF took the view that the severity of the economic crisis last year could easily have evolved into a deep financial crisis. There would then have been a significant tightening of credit, setting off a downward spiral of firm closures and unemployment. Hence, major economies around the world rolled out significant fiscal and monetary support, including government loan capital[2]. Similarly, to ensure a stable lending environment in Singapore, the

[2] For example, Germany set aside 3% of GDP in equity and loan capital, according to IMF's April 2021 Fiscal Monitor.

Government not only co-shared in default risk with PFIs through the Temporary Bridging Loan Programme and Enhanced Enterprise Financing Scheme (collectively known as 'ESG loan schemes'), but also planned to provide loan capital to viable businesses through PFIs if necessary. Eventually, the loan capital was under-utilised as there was sufficient liquidity in the market, arising from (i) the enhanced risk-sharing arrangements, and (ii) MAS' introduction of a SGD Facility on 20 April 2020 that provided low-cost funding (interest rate of 0.1% p.a. with a 2-year tenure) to PFIs when they lent to businesses as part of the ESG loan schemes. These were complemented by the stabilisation of the public health situation, which allowed the economy to re-open gradually and business finances to ameliorate. MOF saw a corresponding fall in demand for ESG loans in the second half of FY2020. It was a good outcome that the combination of measures worked in concert to avert a potential severe liquidity crunch.

*Erroneous Jobs Support Scheme payment*

29 With regard to the $370 million JSS payments erroneously disbursed to 5,400 companies announced on 8 April 2021, the Committee noted that $140 million of the JSS overpayments would be offset against future payments, another $200 million had been pledged by the companies to be returned and the Government would work with 1,000 companies on repayment of the remaining $30 million. The Committee asked MOF about the status on the amounts recovered from these erroneous payments and the expected time frame for recovery of the remaining monies. In addition, the Committee asked what could be done to further safeguard the on-going schemes or measures from further errors, and what lessons had been learnt from the erroneous payments, to minimise similar errors in the future.

30 In response, MOF explained that the COVID-19 crisis had placed enormous strain on agencies to deliver timely but targeted support in response to a very fast moving and uncertain crisis. In the case of the recent erroneous JSS payouts, this was due to the erroneous re-opening dates data used for some firms.

31 MOF then described how all the necessary checks and processes were in place for the JSS which included the following:

(a) Before each disbursement, IRAS and CPFB engaged an external auditor to run a 100% check to ensure accurate computation of disbursement quanta based on data provided by other agencies. However, the errors in re-opening dates were not picked up as the audit scope did not cover the veracity of data provided by other agencies, which was where the error occurred.

(b) Post-disbursement, IRAS also ran checks to compare the disbursed amounts against historical JSS payouts to further identify anomalies.

32 It was shared with the Committee that the discrepancies were first detected due to IRAS' post-disbursement checks. The checks traced the discrepancies to errors in MTI's re-opening dates database. Although MTI ran sampling checks before passing the data to IRAS and MOM, the sampling checks did not manage to pick up the error due to the large number of records. The error affected less than 4% of beneficiary firms, which would have been difficult to detect through sampling checks. Moreover, the data on re-opening itself was rapidly changing with the evolving virus situation. There were 1.8 million appeals, requiring changes to the data, even while agencies had to use the data to allot and ensure timely payment of JSS support to firms. Learning from this incident, MTI had instituted 100% checks on its re-opening date database before passing the data to other agencies.

33 As seen in this case, even if the error was detected after the fact, the Government would do all that is necessary to rectify the lapses, make good the erroneous payments and be transparent and accountable for the mistakes made. This incident underscored the importance of continued vigilance in the disbursement of grants to businesses and citizens. As at 10 May 2021, over $250 million (68%) had been recovered through automatic offsets from the affected firms' JSS payouts in end April. MTI had also reached out to the larger affected firms and secured their commitment to return an additional $83 million (22%). Another $20 million or 5% is expected to be offset from firms' future JSS payouts. The offsets will be completed by December 2021 when the final JSS tranche would be paid out to eligible firms, and any remaining overpayment would be recovered in cash. Firms would be given sufficient time to return in cash any outstanding balance. MOF estimated that there would be less than 1,000 firms where future JSS payouts would be insufficient to fully offset the excess payment. MTI, MOF and IRAS would be reaching out to these firms to recover the overpayment. Based on MOF's records, no firm that received the erroneous payments had been wound up as at 10 May 2021. MOF would continue to strengthen agencies' grants management capabilities in data analytics, fraud detection and investigation to guard against lapses, fraud and abuse. Agencies were also required to put in place measures to recover disbursed grants in a timely manner, if

they were misused or erroneously disbursed. Meanwhile, MOF and the Accountant-General Department (AGD) continued with efforts to keep the public sector Internal Audit community updated of key risk areas and learning points. Agencies' internal audit units would also work with its management and Audit Committees to prioritise audit resources on COVID-19 related grant schemes in their audit workplans.

**Observations and Recommendations**

34 The Committee thanked MOF for the comprehensive responses to the Committee's queries on the COVID-19 support schemes for Jobs, Self-Employed, Businesses and Special Sectors and for explaining in detail the planning criteria, the implementation, outreach and monitoring efforts. The Committee valued the WOG efforts in rolling out the support schemes in quick and successive manner and looking into all aspects of supporting businesses. The Committee took the view that the Government had shown great agility in implementing the various schemes quickly in response to the pandemic, and appreciated the close collaboration between Ministries and agencies as well as policy and operational staff. Officers involved in designing and implementing the support schemes deserve credit for the work put in. The Committee suggested that the Government consider capturing the behind-the-scenes collaborations as well as lessons learnt on record for sharing among all civil servants.

35 The Committee was concerned about the erroneous JSS payments. However, the Committee took note of the circumstances leading to the error payments and that the Government was upfront and transparent about the error. Steps had also been taken to resolve the error and lessons were learnt from the incident. The Committee appreciated the multi-agency efforts taken to rectify the erroneous JSS payments and urged the Government to provide periodic updates, where possible, on the status of the rectification progress. Additionally, the Committee recommended that some key lessons be captured by the Civil Service College to be used as case studies for civil servants' training, and for these to be incorporated into future processes.

36 As the ever-evolving pandemic required Ministries and agencies to react swiftly within tight timelines, the Committee urged the Government to look into ensuring that sufficient manpower and resources were deployed to handle the implementation and monitoring of the COVID-19 support schemes. Cognisant of the fact that the speed of implementation of some

schemes may place heavy strain on the relevant agencies, the Committee suggested that the Government consider inter-Ministry deployment of resources or manpower to plug the gaps during peak periods. This would also minimise the possibility of burn-out among officers handling the implementation and monitoring of the COVID-19 support schemes.

**COVID-19 Support Schemes for Individuals and Households**

37 The Committee noted that a number of key schemes were announced in the various Budgets in 2020 to assist individuals and households. The Committee asked MOF for details of the amounts set aside for each of these schemes and disbursed thus far, the take-up rate where applicable and the number of beneficiaries.

38 The information on the schemes with the largest budgetary impact set aside to support individuals and households can be found in Annex C. MOF did not indicate take-up rates as the key schemes were administered through automatic disbursement. The view taken was that for application-based schemes, it was not meaningful to focus on take-up rate (the proportion of recipients over the total number of individuals), as the circumstances of the individuals would vary and continue to change as the crisis evolved.

39 A similar query on the planning criteria used to arrive at the budget set aside for each of the schemes was also posed by the Committee to MOF. MOF shared with the Committee that similar broad considerations and design approaches, namely top-down and bottom-up approaches, were adopted for the schemes to assist individuals and households. Some examples were shared with the Committee on how such approaches were applied.

(a) Top-down. In formulating the relevant support schemes, MOF worked with various agencies to identify groups, such as low-wage workers or those in the gig economy, who were most affected by the economic impact of the COVID-19 situation and would require assistance to tide over the period. For CSG, MOF also took into account baseline unemployment and MTI's unemployment projections resulting from COVID-19 to estimate the number of Singaporeans who might be financially impacted (e.g. experiencing job or income loss).

(b) Bottom-up. The budget for each scheme was sized according to its objective, support level and target audience. The projected number of beneficiaries was based on the intended scheme coverage. MOF made use of administrative data where possible, including figures on beneficiaries of existing schemes, information on Annual Income and Annual Value of place of residence, when projecting the number of beneficiaries. MOF also factored in historical payout data when projecting budget top-ups for application-based schemes. For instance, the budget top-up for SIRS in end-July 2020, which was necessary due to the higher-than-predicted take-up rate by SEPs, was sized based on application and approval rates since application commencement in end-Apr 2020. Adjustments to budgets were made as the crisis evolved and as more applicants came forward.

40 Next, the Committee queried MOF about the mechanisms employed by the Government to apprise affected individuals and households of the various support schemes. The Committee asked whether improvements were made to the outreach programmes so that the support schemes cast a wider net and affected individuals and households did not fall through the cracks. In addition, the Committee asked MOF whether the various COVID-19 support schemes were able to reach all target groups of individuals / households or if there were specific groups that might have been missed out. The Committee wanted to know if the Government received feedback from these specific groups and, if so, whether there was analysis of the feedback received to improve and refine these schemes.

41 In reply, MOF informed the Committee that the Government worked to ensure maximum outreach and awareness in the following ways:

(a) Active post-announcement comms campaign. The support schemes were announced through the various Budget and Ministerial Statements. Following the announcements, the policy owners of the respective schemes issued press releases, interstitials, infographics and social media posts through various communication platforms (e.g. Facebook posts, television, newspapers, agencies' webpages, Gov.sg Whatspp services) on the key details of each scheme, including information on the eligibility, payout quantum, expected payout timelines, the total number of people expected to benefit from the schemes and where to find more information. Collaterals were also disseminated promptly, such as to community partners like social service agencies and posters were put up at common community areas such as Town Councils and community clubs/centres. There were also digital displays at HDB lift lobbies. Infographics with details on the schemes, such as payment dates, actions to take were published on MOF social media platforms, e.g. Facebook and could be easily shared / forwarded amongst citizens. Mass communication materials such as the Budget booklet, interstitials and briefing slides were made available in four official languages.

(b) Setting up dedicated webpages and ramping up capacity to respond to feedback and appeals. Dedicated webpages were set up on MOF, MSF and MOM websites, so that information could be readily accessed by citizens. The different policy owners also ramped up their capacity to respond to feedback and appeals. For instance, MOF set up a new SGBudget email account manned by an expanded team of MOF officers as a single point of contact on the various Budget announcements. Enquiries and feedback were then triaged and redirected to the relevant agencies for response.

(c) Stepping up stakeholder engagement. MOF and agencies also actively engaged their respective stakeholders to explain the available schemes, including through dialogues and briefings to the Silver Generation Ambassadors and grassroots leaders from the People's Association. MSF leveraged on ongoing outreach efforts to raise awareness and explain the various support schemes to families living in rental flats.

(d) Outreach by sectoral lead agencies. Agencies had identified areas to enhance scheme outreach, where necessary. For instance, MOM worked with specific sector agencies such as the Land Transport Authority (LTA) and National Environment Agency (NEA) to increase outreach to specific SEP groups e.g. hawkers and market stall holders, who could be less tech-savvy.

42 To ensure that support reached the desired beneficiaries in a timely manner, MOF adopted the following strategies in scheme design and implementation:

(a) Automatic disbursement of support, where appropriate and feasible, to minimise the need for applications. To provide quick assistance, scheme benefits were automatically disbursed / credited to eligible individuals and households. For instance, eligible individuals and households received their payouts from the Care and Support Package, Solidarity Payment, and Solidarity Utilities Credit automatically. Recipients were also notified via SMS on the payout quantum, payment date and payment mode. Notification letters were also sent to the target recipients to apprise them of the full cash payout quantum. The letters were accompanied by a summary of all the measures under CSP. For SIRS, eligible SEPs aged 37 and above in 2020, for whom agencies have existing administrative information on, also received their payouts automatically. SEPs aged 36 and below in 2020, or those who did not meet the auto-eligibility criteria, would have had to apply for SIRS via NTUC.

(b) <u>Refinements to scheme design in response to feedback</u>. MOF worked with agencies to refine scheme eligibility criteria to ensure that support was given to those genuinely in need. For instance,

i. MSF and NTUC (which administered SIRS applications and appeals on behalf of MOM) assessed appeals for CSG and SIRS respectively, using the information and supporting documents provided by appellants. The agencies also verified claims made by appellants with the relevant Government agencies and the appellants' employers, where necessary. This enabled further consideration of cases where there might have been extenuating circumstances, or where individuals might have missed the criteria marginally.

ii. In response to feedback, SIRS was enhanced at the Solidarity Budget to: (i) include SEPs who also earned an income of no more than $2,300 per month from employment work (i.e. Dual Status Workers), and (ii) raise the property Annual Value (AV) threshold from $13,000 to $21,000. This was to allow other deserving SEPs to qualify for SIRS.

*Monitoring of COVID-19 Support Schemes for Individuals and Households*

43 The Committee also asked MOF for the monitoring mechanisms in place to ensure that funds set aside for the COVID-19 support schemes for individuals and households were properly disbursed without abuse and that the safeguards were in place to ensure that each scheme was administered in accordance with the intent of the scheme.

44 In reply, MOF shared that risk-based approaches were adopted to balance the need to provide quick assistance and to prevent abuse. For all the measures including COVID-19 support measures, Government agencies considered the possibilities of fraud and unintended beneficiaries upfront in scheme design, and deployed various monitoring mechanisms and safeguards to prevent abuse of schemes and ensured that funds were disbursed to the appropriate beneficiaries. MOF also shared some examples of these features at each stage of disbursement:

(a) Scheme Design. For schemes such as SIRS, Solidarity Payment (SP), CSC and Workfare Special Payment, the Government designed the schemes to leverage on existing databases to allow for quick and automatic disbursements of payouts to the recipients. This minimised the need for workers to put in applications, hence minimising the risk of fraudulent declarations and also facilitated the fast disbursement of assistance. For application-based schemes such as CSG, the Government set up data links across agencies to leverage on Government administrative data to verify the veracity of submitted information and eligibility of applicants.

(b) Pre-Disbursement. To ensure that funds were disbursed accurately to the right target group, the eligibility of recipients was cross-checked against existing databases (where available) and disbursements were performed through the appropriate systems.

   i. For the automatic disbursement schemes (e.g. SP, CSC, Solidarity Utilities Credit (SUC)), administrative data was used to ensure accuracy of disbursement to intended recipients. Independent pre-disbursement audits were also conducted to ensure that the allotments were correctly done.

   ii. For the application-based schemes (e.g. CSG), documents were verified with administrative data to test eligibility before actual disbursement. For self-declared information, the applicants were informed of the legal consequences for false declarations, as a deterrent.

(c) Post-Disbursement. Independent audits and data analytics were conducted post-disbursement, to ensure that funds were channelled appropriately. For instance, MSF used data analytics to conduct post-disbursement checks on about 450,000 TRF and 98,000 CSG-approved applications to detect false declarations. As of 28 January

2021, six individuals who provided false declarations to qualify for TRF or CSG payouts have been charged.

45 In addition, for SIRS, MOM relied on data analytics and back-end administrative data checks to verify the authenticity and validity of higher-risk applications pre-disbursement, as well as to identify potential fraudulent cases post-disbursement. About 0.5% of SIRS recipients were found to have made erroneous declarations and should not have been eligible for SIRS. MOM issued written notices to such individuals to request for the return of funds.

**Observations and Recommendations**

46 The Committee expressed its appreciation to MOF for the insightful sharing which addressed the Committee’s queries on the COVID-19 support schemes in a comprehensive manner. Noting that the COVID-19 pandemic presented many challenges on multiple fronts, the Committee was mindful that a united front was needed to tackle these challenges and thus, acknowledged and applauded the Government’s efforts in mounting a WOG response.

47 The Committee agreed with the risk-based approaches for the disbursement of COVID-19 support schemes for quick assistance and with various monitoring mechanisms and safeguards. The challenges brought on by COVID-19 made it essential for swift rollouts to provide Singaporeans with support and relief. The Committee commended the speed at which the COVID-19 support schemes were implemented and the wide-ranging efforts taken to ensure that the various outreach and awareness efforts to apprise Singaporeans of the various support schemes were disseminated as widely as possible.

48 The Committee urged the Government to continue with the necessary reviews and learning points gathered from COVID-19 scheme design including those experiences gained from the pre-disbursement and post-disbursement stages. Such reviews and lessons would be useful for future scheme designs.

## MEASURES TAKEN TO ADDRESS SINGAPORE'S CHALLENGING FISCAL POSITION

49 As explained in Deputy Prime Minister Heng's Ministerial Statement on 5 October 2020, the Government's revenue position was expected to be weak for a number of years due to the effects of the COVID-19 pandemic on the global economy. Government expenditure was also expected to rise as efforts to provide support for Singaporeans and businesses continued. Noting that the Government advocated prudence as the guiding principle and not austerity, the Committee asked MOF to explain what measures would be taken to ensure that Ministries and Government agencies would abide by the guiding principle of prudence in their budgeting and expenditures, and whether any targets and monitoring systems would be put in place to ensure financial prudence.

50 In response, MOF informed the Committee that a range of strategies had been adopted to ensure prudence in budgeting and expenditure, including setting macro budgetary policies to manage baseline spending, putting in place strategies to manage costs for emerging needs and strengthening accountability for spending outcomes.

*Managing Baseline Spending*

51 Elaborating, MOF shared that at the macro level, MOF had been tightening spending limits under the Block Budget Framework to foster greater discipline in spending. Under the Block Budget Framework, Ministry baseline expenditures would be capped over a five-year period and reviewed every five years to ensure that they remained right-sized. Baseline expenditure within each five-year period would be allowed to grow at a rate (the "Budget Growth Factor") that would be set lower than the GDP growth rate. The difference between the Budget Growth Factor and the GDP growth rate would be channelled to a "Re-investment Fund" that would be allocated to growing priorities and emerging needs. The Block Budget Framework would be centrally controlled and monitored by MOF to ensure that Ministries kept within their spending limits.

52 This mechanism was similar to systems operated by Ministries of Finance in other countries. Singapore's Framework had been designed to keep the rate of spending growth for existing baseline expenditures within economic growth, in line with the principle of spending

what was earned. It encouraged Ministries to be more efficient in delivering existing programmes, while allowing MOF to reallocate revenues and resources generated from economic growth towards new priorities.

53 While the Block Budget Framework exerted discipline and budgetary pressure on baseline spending on existing programmes, it did not prevent overall spending from rising as a percentage of GDP, which could be driven by new priorities and emerging needs. Over and above the amounts reallocated to new areas through the Re-investment Fund, the Government faced structural expenditure growth in areas like healthcare spending, which need to be resourced not only through expenditure reallocation but also the raising of revenues.

54 To further manage baseline expenditure growth, MOF had reduced both the spending cap and annual growth rates of Block Budgets in recent years:

(a) In 2017, MOF announced a permanent 2% downward adjustment to the budget caps of Ministries and Organs of State.

(b) In 2019, MOF reduced the budget growth rate from 40% to 30% of the GDP growth rate.

55 Going forward, MOF shared that it was considering additional moves of a similar nature to further manage expenditure growth in view of the tight fiscal environment ahead. However, such moves would need to be carefully calibrated, with a moderate level of growth to allow Ministries to keep up with inflation and wage growth while exerting sufficient budgetary pressure to foster efficiency. Setting it at too low a level or even at negative levels could result in cutbacks to Government programmes and services. Overall, MOF said the Government's guiding principle in managing expenditure would continue to be prudence, not austerity.

*Meeting Emerging Needs Cost Effectively*

56 Apart from managing the growth of baseline expenditures, MOF shared how the Government had been adopting different strategies to manage major areas of expenditure growth.

57 As healthcare had been and would continue to be a major driver of spending growth going forward, MOF had been working with MOH to drive value and cost effectiveness in healthcare spending. For example, MOH established the Agency for Care Effectiveness in 2016

to: (a) evaluate the clinical- and cost-effectiveness of medicines, vaccines and medical technologies; and (b) negotiate fair prices with companies, before such products were mainstreamed into our public healthcare system. The Agency for Care Effectiveness had delivered total cost savings of $300 million between 2016 and 2020.

58 With infrastructure being another area of growth in the coming years, MOF had been putting in place robust evaluation mechanisms to drive cost effectiveness for new projects.

(a) Large infrastructure projects had been put through the multi-stage Gateway Process, to ascertain the need for the project, suitability of the proposed approach and cost effectiveness. This work had been and continues to be supported by the Development Projects Advisory Panel that comprises technical experts from both public and private sectors.

(b) Over the past five years[3], these processes had led to design improvements and generated savings of about $4 billion in total or about 5% of the capital costs.

(c) To optimise cost effectiveness over the life span of infrastructure projects, the Government had adopted a lifecycle cost perspective during upfront planning and design of infrastructure projects. This allowed MOF to optimise the combination of upfront costs and downstream maintenance/operating costs, so that the Government does not end up with buildings and infrastructure that may be cheaper to build but very expensive to maintain and operate. MOF expected this approach to bring about savings of 2% to 5% in total life-cycle costs over the long term, which was a significant sum given that the Government typically spent $15 billion to $20 billion each year on capital expenditure.

59 In supporting new programmes, MOF had advised Ministries to use pilots to ensure good outcomes before scaling up resourcing. For example, MSF introduced the KidSTART programme in 2016 as a three-year pilot programme to provide targeted intervention to low-income children in disadvantaged households. The pilot supported 1,000 children and their families, who experienced good outcomes in child development, parent-child interaction and

[3] CY2016 – CY2020

overall family interactions. The Government subsequently made improvements to the programme design and scaled-up KidSTART in 2020 to serve another 5,000 children over the subsequent three years.

60 In recent years, MOF had also developed a number of joint budgets to resource cross-cutting initiatives to ensure better alignment of priorities and achieve greater efficiency and value. These had been in the domains of jobs and skills, vaccines and therapeutics, Smart Nation and Digital Government, and Research, Innovation and Enterprise (RIE). These promoted sharper rationalisation of resources across agencies to serve a common outcome. For example, under the resourcing framework for supporting Smart Nation initiatives, projects would be required to secure co-funding from users in order to obtain further central funding. This had helped to ensure that projects have viable use cases and demand, and to align incentives between developers and users.

*Strengthening Accountability*

61 Ministries are accountable for ensuring that policy objectives are achieved while spending remains cost-effective. To this end, MOF had been working to strengthen capabilities and support a culture of Value-for-Money culture across the Public Service. Highlights of efforts were as follows:

(a) Strengthen evaluation capabilities within Ministries. MOF has progressively worked with Ministries to establish a structured framework on Programme Evaluation for their Ministry-HQs and Statutory Boards. This would support more robust evaluation of public programmes and projects, for better decision-making and resource allocation. MOF would continue to share learning points and good practices across the Public Service.

(b) Performance monitoring efforts at agencies and whole-of-government level. Public agencies regularly track and publicly report on outcomes for key Government priorities, including through the Budget Book and the Singapore Public Sector Outcomes Review (SPOR). In particular, the SPOR published in 2020 was reorganised to be more citizen and business centric with a stronger focus on outcomes.

Additionally, MOF supported Ministries and agencies in setting robust outcome-based KPIs as part of evaluating funding needs.

(c) Conduct VFM (Value-for-Money) reviews on selected spending. MOF continued to conduct VFM reviews that look at the effectiveness, efficiency and economy of public programmes and projects, identify areas of concern and provide recommendations to improve outcomes. In recent years, MOF had begun partnering with agencies to jointly address cross-cutting issues.

*Performance Monitoring Efforts*

62 On the structured framework on Programme Evaluation, the Committee further queried MOF on the status of implementation of such framework for Government agencies and whether MOF could share more details about the framework.

63 Responding, MOF shared in the second memorandum that a programme evaluation framework would help a Ministry prioritise its programme evaluation efforts and would provide clarity to its officers on the selection criteria, evaluation processes and reporting structures to adhere to. The framework would be further customised to fit a Ministry's operating context and meet sector-specific evaluation needs. MOF had also been providing Ministries with resources and support to strengthen their evaluation capabilities. MOF shared that Ministries were at various stages of implementing their Ministry-family programme evaluation frameworks. To date, about 30% of Ministries have developed their Ministry-family programme evaluation frameworks and MOF would continue to monitor Ministries' progress.

64 The Committee posed further queries on performance monitoring at the agency and WOG levels, by asking whether such monitoring efforts and reporting on outcomes for key Government priorities, including those reported in the Budget Book, were collated across the years and made publicly available in digital format. Additionally, the Committee asked MOF to share some outcomes of the VFM reviews which would identify areas of concern and provide recommendations to improve outcomes.

65 To these queries, MOF informed the Committee that at the WOG level, key Government priorities and outcomes were reported annually in the Revenue and Expenditure

Estimates (Budget Book) and biennially in the Singapore Public Sector Outcomes Review (SPOR). Both reports collated agencies' outcomes and indicators across multiple years to compare performance trends. Both reports were publicly available on MOF's website, and MOF had been progressively upgrading them to the latest digital format.

(a) Revenue and Expenditure Estimates (Budget Book): Key performance indicators for each Ministry were published annually in the Revenue and Expenditure Estimates. The Budget Books for the past 15 years were publicly available in PDF format on MOF's website[4].

(b) Singapore Public Sector Outcomes Review (SPOR): MOF had coordinated across WOG to compile and track key national outcomes for the biennial report. The sixth edition of SPOR was released in November 2020. SPOR had been digitally available since the first issue in 2010, and MOF continually ensured that the report would be easily accessible to members of the public. MOF launched a microsite for SPOR 2020, accessible at go.gov.sg/SPOR, with infographics, box stories, charts and links to present the content in a more readable and engaging way.

(c) In addition to the WOG reports, Ministries and agencies have also published their own reports and statistics on the outcomes under their purview on their respective websites.

66 Turning to the query on VFM reviews, MOF revealed that such reviews were part of the public sector's internal processes to help identify learning points and best practices. Through these reviews, a strong VFM culture was actively promoted by MOF across the public sector, with initiatives such as the following:

(a) Jointly conducting VFM reviews with agencies. This helps to strengthen evaluation capabilities among agencies' officers;

(b) Sharing review outcomes and learning points across a wide range of public sector platforms at different levels; and

(c) Partnering agencies in developing practical guides and case studies.

[4] http://www.mof.gov.sg/singapore-budget/budget-archives

**Observations and Recommendations**

67 The Committee thanked MOF for detailing the various factors contributing to Singapore's challenging fiscal position as well as taking the Committee through the various efforts and measures to manage expenditure growth, strengthen accountability and performance monitoring efforts. The Committee encouraged MOF to continue making contents of the key Government priorities and outcomes reported annually in the Budget Book and biennially in SPOR, and to do so in a more readable and engaging way.

*Projections for Revenue and Expenditure*

68 Noting that a $74.3 billion budget deficit was announced on 26 May 2020 for Financial Year 2020, the Committee asked MOF for the projected fiscal position in terms of revenue and expenditure, and the assumptions that would underpin revenue projections as well as the different scenarios for future growth for the next three financial years that the Government has planned for. The Committee also enquired about the projected allocation of Government's total expenditure by sector for the next three financial years and how the Government would balance these competing expenditures to ensure optimal budget allocation.

69 Replying to the Committee, MOF shared that the Government's fiscal position was expected to be tight in the coming years. While Singapore's economy and government revenues were expected to mount a gradual recovery to pre-COVID-19 levels towards the end of 2021, there remained a wide cone of uncertainty and significant downside risks. On the other hand, expenditures had already exceeded pre-COVID-19 levels and were projected to grow structurally, primarily due to healthcare spending growth.

<u>Revenue</u>

70 MOF shared that Government revenue growth was driven by various factors:

(a) The primary determinant of revenue growth was economic growth. The two largest sources of tax revenue, corporate income tax and personal income tax, tend to grow in line with GDP growth. The third, GST, also depended on consumption spending which also depended largely on the state of the economy. Together, these three sources of tax revenue made up about 44% of Singapore's overall revenues.

(b) Other sources of revenue, such as stamp duties and vehicle quota premiums were more volatile as they were dependent on sentiment-driven markets.

(c) The largest single source of revenue currently was the Net Investment Returns Contribution (NIRC), which contributed about 20% of revenues.

71 MOF assessed that the economic outlook over the next three years would broadly be one of recovery and a gradual return to growth. Globally, there was expectation of some recovery. In its World Economic Outlook update in January 2021, the IMF projected that the global economy would grow by 5.2% in 2021. For Singapore, MTI had projected growth of 4.0-6.0% in 2021. This was expected to bring Singapore's GDP back to pre-COVID-19 levels towards the end of the year. The pace of recovery was expected to be uneven across the sectors, with sectors like aviation facing a more prolonged downturn.

72 In line with the economic outlook, MOF expected revenues to inch back towards pre-COVID-19 (FY2019) levels in FY2021, as presented in this year's Budget estimates. This assessment was dependent on the global COVID-19 situation coming under control and allowing a global recovery taking place. However, significant downside risk remained, as was dependent on the relative pace of the virus's evolution and vaccine adoption. New variants of the virus that were more transmissible and deadly had emerged, which could lead to further economic disruptions globally. Globally, there could be setbacks to vaccine production, deployment, and take-up. Should such risks materialise, Singapore's GDP and fiscal position could be set back further. Overall, IMF has warned that the return to pre-pandemic levels would be "long, uneven, and uncertain.".

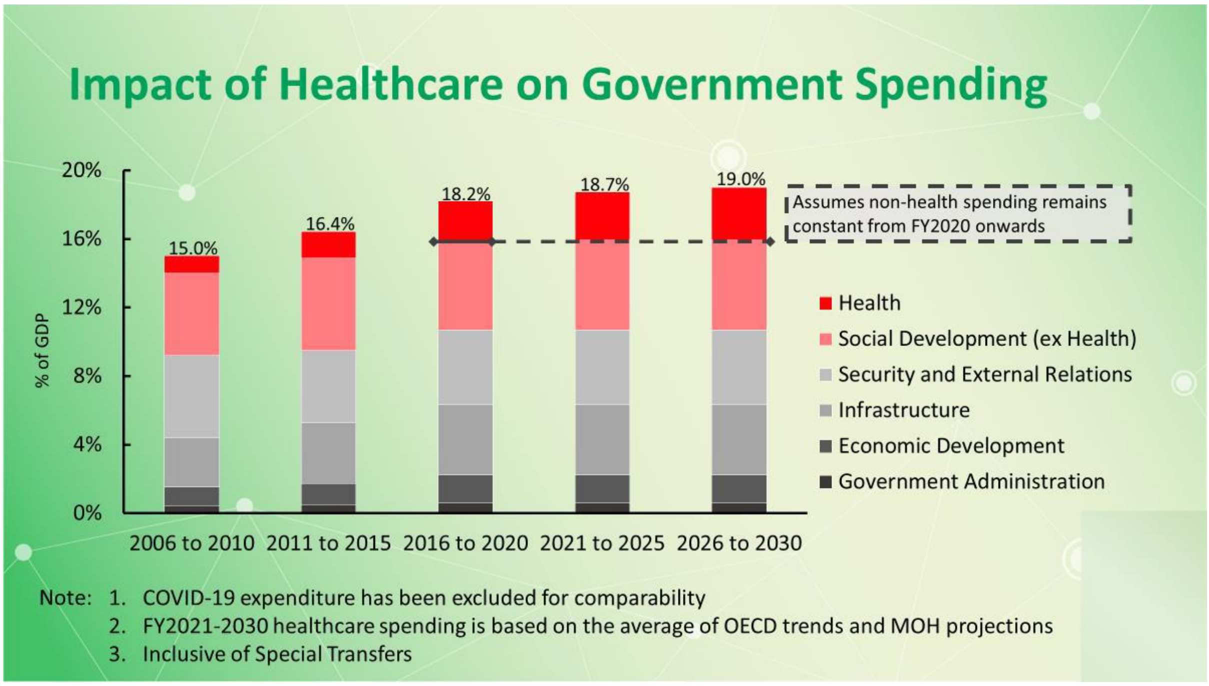
Expenditure

73 While revenues were expected to recover gradually, the Committee learnt from MOF that expenditures had already exceeded pre-COVID-19 levels and were projected to continue growing relative to Singapore's GDP growth. Structurally, MOF expected higher expenditures, especially from healthcare spending.

74 MOF said that ageing continued to be a key driver of spending in the long term. Spending on health and aged care would continue to rise. As explained in the February 2021

Budget Debate Round-up Speech, MOF expected Government healthcare spending to reach 3.0% of GDP by 2030. If Singapore followed the trajectory of public healthcare spending in other OECD countries with a similar demographic profile, it could reach 3.5% of GDP by 2030. The average of these two scenarios is reflected in Chart A which sets out projected growth in healthcare spending.

**Chart A** – Impact of Healthcare on Government Spending




*Source: MOF*

75 Chart A carries a simplifying assumption that non-healthcare spending would remain the same as a percentage of GDP. MOF shared that spending in other areas like security, pre-school education and lifelong learning were expected to grow. In addition, the Government was expected to spend more on infrastructure and economic investments. The COVID-19 pandemic had accelerated trends such as digitalisation and led to heightened emphasis on resilience and sustainability. These trends would disrupt the economy, but also offer opportunities for Singapore to develop new engines of growth and create good jobs for Singaporeans. To position Singapore for growth in the post-COVID-19 world, the Government was expecting to commit up to $24 billion towards economic investments over the next three years. More spending on infrastructure would be expected to improve the liveability of our city and raise living standards for Singaporeans.

76 The uncertain course of COVID-19 trajectories had created an especially large cone of uncertainty, and made it harder to forecast Singapore's precise fiscal position in a given financial year. Nevertheless, even under an optimistic scenario, MOF expected expenditure growth, driven primarily by structural factors, to outpace revenue recovery and growth. Overall, MOF assessed that without fiscal measures, including the planned GST increase to be implemented within the period 2022-2025, the Government would not be able to meet the rising recurrent needs. While the Government had been able to tap on the reserves to respond to the COVID-19 crisis, it would not be tenable for the Government to run persistent Budget deficits outside periods of crisis.

Funding for Rising Expenditure

77 The Committee asked MOF about the available options for the Government to fund the gap between revenue and rising expenditures, and whether there would be a rethink of future revenue sources, including from the Net Investment Returns Contribution (NIRC), and how the distribution of revenue sources could be altered.

78 In its response, MOF shared that it planned to use a range of fiscal tools to address expected increases in the different types of expenditure, based on what was appropriate and sustainable for each type of expenditure.

79 In order to support the structural growth in recurrent spending, driven primarily by healthcare spending, MOF planned to raise recurrent tax revenues. This would be anchored by the planned GST rate increase. A 2%-point increase in the GST rate raises about 0.7% of GDP a year. In comparison, healthcare spending alone was expected to increase by at least 0.8% of GDP by 2030, compared to 2018. Hence, raising GST would not be enough to cover the structural expenditure needs, which go beyond healthcare. The Government would need other sources of recurrent revenue. In this regard, MOF would continue to review other sources of revenue, including wealth taxes.

80 MOF also shared that in reviewing the revenue sources, MOF would continue to maintain a diversified and resilient revenue mix. In FY2021, tax revenue, fees and charges and NIRC are estimated to make up 73%, 6% and 20% respectively of the overall revenue. Within tax revenue, collections were diversified across income, asset consumption, and other taxes,

with no single revenue contributing more than 20% of overall revenue. MOF's fiscal strategy would maintain the broad composition of these revenue sources.

81 The Committee learnt that it was not the intention of the Government to further increase the share of NIRC, which was already the single largest source of revenue, having grown as a proportion of Singapore's revenue, from 13% in FY2011 to 20% presently. Further increases would risk over-reliance on a single revenue source. MOF also intended to keep to the principle of leaving a fair amount of the investment returns for future generations, by using 50% and reinvesting 50% of the returns.

82 MOF shared that the Government would make use of borrowing to finance major, long-term infrastructure that benefit current and future generations. This approach would allow the Government to spread out the lumpy costs of such infrastructure investments more equitably across generations. The Significant Infrastructure Government Loan Act (SINGA), passed in Parliament on 10 May 2021, would enable this spreading of costs in a prudent and responsible manner.

83 MOF also shared its view that Past Reserves or borrowing should not be used to pay for recurrent spending, as it would not be a sustainable fiscal strategy. However, should the public health and economic situation deteriorate, and the need arise, the Government would be prepared to seek the President's consideration for the use of Past Reserves to support economic investments to ensure Singapore emerges stronger from the pandemic.

*Further Queries about Expected Increases in Expenditure*

84 On examining the reply provided by MOF, the Committee made further clarifications on whether the planned GST increase would be primarily to fund increases in healthcare spending. On top of that, the Committee asked what would be the expected increase of spending in other areas such as security, pre-school education and lifelong learning, and what was the time horizon for the expected growth. In addition, the Committee asked what would be the other sources of income and the estimated revenues from each of these other sources respectively if increases in expenditure were not sufficiently covered by the increase in the GST.

85 In reply, MOF shared that as had been explained across multiple Budgets, the Government expected a structural increase in recurrent spending needs, especially in the area of healthcare. Healthcare spending is expected to increase by 0.5%-point of GDP for the current five-year period and another 0.3%-point in the next five-year period. This is driven by structural demographic trends, and the commitment to ensure that healthcare remains affordable to Singaporeans.

86 MOF expected spending in other areas to increase, but as a simplifying assumption, MOF had shown projections only in the scenario where non-healthcare spending would stay constant as a percentage of GDP.

87 To ensure fiscal sustainability, the appropriate approach is to use recurrent revenue to meet increases in recurrent expenditure. This would ensure that the Government spends in a responsible way – one that is fair for current and future generations. The planned 2%-point increase in GST rate would be expected to yield 0.7% of GDP in gross revenue. To cushion the impact, the Government had planned the Assurance Package for GST, which would offset at least five years' worth of additional GST expenses for the majority of Singaporean households, and about 10 years' worth of additional GST expenses for lower-income Singaporeans.

88 The GST increase would not be sufficient by itself to meet the higher spending needs. As explained in DPM's speech at the Budget Debate round-up in 2021, MOF would continually consider all revenue options, including wealth taxes. In reviewing the revenue mix and options, MOF would seek to balance among revenue resilience and adequacy, economic competitiveness, and ensure that the overall taxes and transfers system remains progressive.

*Correlation between Government Income and GDP by Revenue Source*

89 The Committee also asked MOF on the degree of correlation between Government income and GDP by revenue source.

90 In reply, MOF informed the Committee that the relationship between Government revenues and GDP is commonly termed as "revenue buoyancy". Based on commonly used estimation methods, the buoyancy estimates for Government Operating Revenue using

historical data since FY1997 are around unity (one)[5]. This implied that revenues would increase roughly proportionally with GDP. Nonetheless, MOF advised some caution in using such estimates as they could fluctuate significantly. As a small and open economy, shocks may lead to wider fluctuations in our GDP and taxes. Revenues were influenced by different factors besides current GDP. For instance, income taxes were based on past years' economic activity; vehicle-related taxes were dependent on the deregistration cycle; property-related taxes depended on a combination of transaction volume, property prices and rental values. For these reasons, MOF took the view that buoyancy estimates by revenue sources ought to be used with caution.

*Burnt Costs and Opportunity Cost from Projects Delayed by COVID-19*

91 In a follow-up query to MOF's first memorandum, the Committee noted that large infrastructure projects are subject to the multi-stage Gateway Process, to ascertain the need for the project, suitability of the proposed approach and cost effectiveness. With the disruption caused by the pandemic, the Committee would like to know whether the Government would be looking into the area of burnt cost and opportunity cost from projects that were delayed due to COVID-19. In addition, the Committee asked whether cost overrun had been computed in the way MOF budgets and estimates the related finances and whether there would be cost savings from projects that could be phased out.

92 To these queries, MOF replied that it had been widely covered in the media that COVID-19 contributed to delays to projects and impacted construction productivity, resulting in some cost increases across the supply chain. MOF had been monitoring the impact of COVID-19 on on-going construction projects. As responsible service buyers, public agencies have co-shared the contractors' prolongation costs for on-going construction projects (e.g. rental costs of equipment) arising from COVID-19-related delays. This co-sharing of costs had been designed to complement, but not duplicate, the Government's broad-based assistance such as the Jobs Support Scheme and foreign worker levy waivers and rebates. This allowed public projects to continue with minimal additional disruption. As of end-March 2021, agencies had been able to absorb these co-sharing of prolongation costs within the contingency budgets of ongoing projects without requiring additional budget supplementation. If the increase in cost

[5] MOF follows the methodology outlined in International Monetary Fund (IMF)'s Working Paper "Tax Buoyancy in OECD countries" (2014) and estimate that Singapore's short-term buoyancy is around 0.92 while long-term buoyancy is around 1.08.

exceeded the prior approved budget, including the contingency budget provided, agencies would have to seek approval for supplementary budgets. As part of the review to consider any request for supplementary budget, MOF had been working with the agencies to consider if the project should still continue as planned, or if adjustments to the project parameters could be made to reduce the cost increases.

93 For upcoming projects that have not started but are in the planning stage, MOF had been engaging agencies to review the planning parameters, and consider if any adjustments were needed arising from the changing circumstances due to COVID-19. For example, the Government had paused the Terminal 5 (T5) project to assess how the pandemic would affect the future of air travel and what changes were needed to the T5 design and project timeline.

94 MOF assured the Committee that the Government would continue to invest sensibly in infrastructure that would allow Singapore to capture opportunities and emerge stronger from COVID-19. Delaying or phasing out projects may not lead to cost savings because additional costs may still be incurred during catch-up or subsequent phases, and future cost trends are even more uncertain. Where the benefits of delaying or phasing out a project clearly outweighed the costs, without compromising the underlying objectives, MOF would consider doing so.

**Observations and Recommendations**

95 The Committee recognised the views and points raised by MOF on the strategies to balance revenue and spending. Agreeing that sustainable fiscal policy had to be balanced with the use of resources across time and generations, the Committee thanked MOF for the discussion, including projections for revenue and expenditure and laying out the different considerations. To ensure that Singapore emerged stronger from the pandemic, the Committee suggested that MOF consider developing contingency plans for appropriate economic responses to a pandemic on top of contingency plans focused on public health responses.

96 The Committee expressed its support for the overall direction taken to manage the fiscal challenges and also agreed with MOF on the need to balance among revenue resilience and adequacy, economic competitiveness, to ensure that the overall taxes and transfers system remains progressive. However, the Committee urged MOF to constantly review the relevance

of schemes across the Government, with steps taken to sunset or discontinue schemes that had been become irrelevant. This would help ensure that Government expenditures remain sustainable in the future.

**MEASURES TAKEN TO MANAGE FISCAL BURDEN OF HEALTHCARE**

97 MOF mentioned in its memo of 25 March 2021 that the Government's spending on health and aged care would continue to rise. Thus, the Committee took the view that it would be important to encourage Singaporeans to adopt and maintain active lifestyles as a pre-emptive strategy and to stay healthy. As such, the Committee made a further inquiry on how the Government would encourage Singaporeans to take ownership of their own health and wellness. The Committee also asked MOF to provide information on the estimated spending on all programmes related to health and how the Government intended to coordinate programmes ran by different Government agencies to achieve economies of scale and cost savings.

98 The Committee learnt from MOF that the Government had implemented programmes to create a supportive environment for all Singaporeans to make healthier choices and take ownership of their own health.

(a) To encourage physical activity through sports, SportSG launched Vision 2030 in 2012 as the national blueprint for sports. It was a statement of ambition and a call for the whole of society to work together to raise Singaporeans' sporting participation, improve the population's health and wellness, and grow social cohesion. SportSG also launched Active Health in 2017, a social movement to empower individuals to be healthy, by addressing four domain areas: physical activity, nutrition, screen time and sleep. By 2019, the movement had reached over 80,000 people through roadshows and community events.

(b) The Healthy365 mobile application and the National Steps Challenge™ by the Health Promotion Board (HPB) also encouraged all Singaporeans to incorporate physical activity into their daily lives and to choose healthier meals, drinks and groceries. A total of 1.7 million users have participated since 2015, and there was an average increase of 35 minutes per week in physical activity among regular users between October 2018 to April 2020.

(c) For seniors, HPB and the People's Association (PA) were the main drivers of the Health and Wellness Programme, to encourage regular participation of seniors in the active ageing programmes that were offered nationwide at various community nodes. These active ageing programmes included exercise classes and health talks. MOH had also partnered Temasek Foundation Cares to roll out Project Silver Screen, encourage seniors to attend regular functional screenings in the areas of vision, hearing, and oral health.

(d) For the lower-income, HPB worked with participating supermarkets to incorporate a 5% discount for Healthier Choice Symbol products purchased with Grocery Vouchers as part of the Budget 2020 Care and Support Package. HPB would also be launching the Healthy Living Passport Programme by end-2021, which aims to reach out to 14,000 residents over a three-year period to improve health literacy and influence healthier behaviours among lower-income families.

99 In 2021, MOH is expected to spend $720 million on Health Promotion and Preventive Healthcare efforts, executed mainly by HPB and partner agencies like the People's Association. Activities include public education campaigns, healthy lifestyle activities in schools, workplaces and community settings, engaging industry to spur reformulation of staple food products, subsidies for health screening and recommended vaccinations, and regulations to protect Singaporeans' health. As staying well often involve not just health but social and other factors, the Government would also continue to explore how to pull in resources across agencies and service providers to support overall well-being. MOF informed the Committee that they had established multiple collaboration platforms for MOH, MSF, MCCY and other agencies to coordinate common outcomes of preventive health and wellness, better integrate social services, optimise resource allocation and minimise duplication of services. For example, the Government had set up an inter-agency Taskforce to develop a Child and Maternal Health and Well-being Strategy to provide comprehensive support to women and children. The Taskforce would be focusing on issues which cut across multiple agencies and would review service delivery processes across the social, health, and education domains.

*Vision 2030*

100 The Committee noted that Minister Edwin Tong had shared during the 8 March 2021 Parliament Sitting that in 2012, SportSG launched Vision 2030 as a roadmap to empower Singaporeans to Live Better Through Sport. This was reviewed in 2019 and led to the launch of Vision 2030 Recharged! for a renewed focus on tailoring programmes for various segments of the population. Hence, the Committee asked about the status of Vision 2030 and what achievements had been made. The Committee also asked for details such as annual spending by the Government on the various Vision 2030 Recharged! initiatives and what would the estimated spending be till 2030. Additionally, the Committee wanted to know how useful Vision 2030 Recharged! has been in encouraging various segments of Singaporeans to adopt an active lifestyle including targets set, if any, and how they were being measured and monitored.

101 MOF informed the Committee that since implementation of Vision 2030, the Government had seen the national sports participation rate[6] increase from 44% in FY2011 to 66% in FY2018. Visitorship to sport centres had also increased from 13.3 million in FY2011 to 18.1 million in FY2018. MOF shared that more information on the status of and achievements made by Vision 2030 was available on SportSG's website.

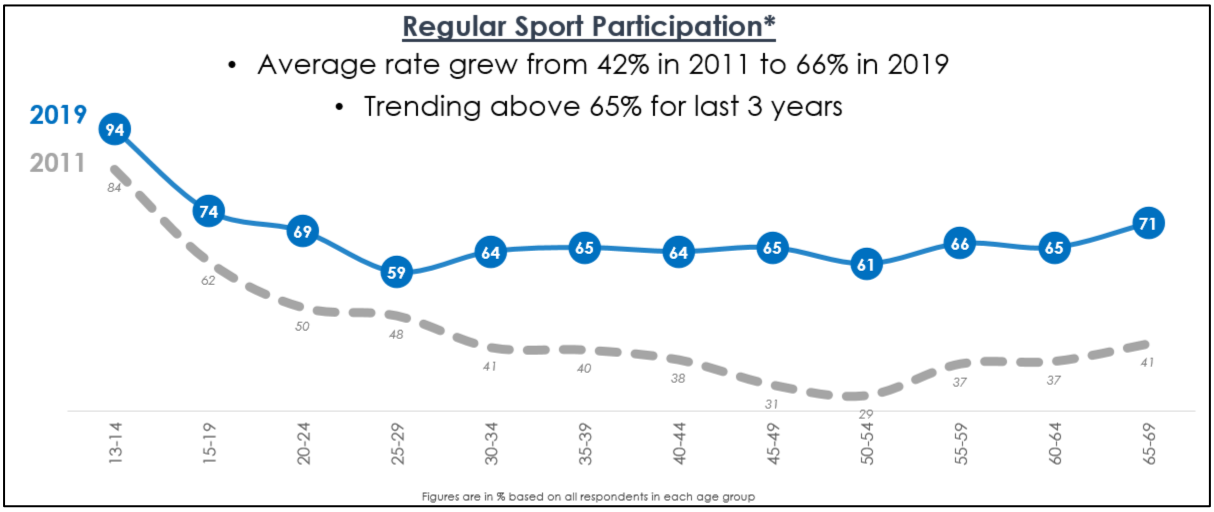
102 As for annual expenditure, the Committee noted that in FY2015-2019, the average annual spending of various initiatives under Vision 2030 was $550 million. MOF shared that MCCY would be working on the budget required until 2030. As Vision 2030 was a long-term plan, MCCY would be reviewing the budget regularly, in consultation with MOF, to ensure that Vision 2030 would continue to meet the intended objectives cost-effectively.

103 It was shared with the Committee that Vision 2030 Recharged! identified four key population segments to focus efforts in fostering an active lifestyle, namely: (a) Children, Youths and Families; (b) the Vulnerable and Persons with Disabilities; (c) Working Adults; and (d) Seniors. SportSG had been implementing the review recommendations, including the establishment of the Children and Youth Sport Framework, Communities of Care, a Playbook for Corporates to encourage working adults to get active, as well as create more opportunities

[6] This is defined as the percentage of Singapore residents participating in sport/exercise at least once a week.

to engage Seniors through sport. To sum up, the Government took the view that SportSG's Vision 2030 efforts have raised the overall sport participation among Singaporeans and across all age groups (see Chart B below). The aim of SportSG had been to raise the overall sport participation rate from 66% in 2019 to 67% in 2021 and achieve a visitorship of 12 million at the public sports facilities (subject to adjustments if capacity limits due to COVID-19 continue to be imposed).

**Chart B** – Regular Sport Participation




*Source: MOF*

**Observations and Recommendations**

104 Taking the view that encouraging Singaporeans to adopt healthy lifestyles would be part of the strategy to manage rising healthcare expenditure, the Committee supported the initiatives rolled out by the Government thus far. As healthy lifestyles contributed to improved psychological well-being and fewer mental health difficulties, the Committee encouraged the Government to continue and explore new initiatives to nudge Singaporeans to adopt healthy lifestyles. The Committee suggested getting employers, in both the private and public sectors, on board as important collaborators to provide a supportive work environment for Singaporeans to participate in the national health initiatives and take ownership of their own health.

105 The Committee was supportive of HPB's initiatives to encourage more Singaporeans to incorporate physical activity into their daily lives and choose healthier meals by the way of the Healthy365 mobile application and the National Steps Challenge™. The Committee suggested that HPB could explore including more forms of exercise in its initiatives. For

instance, the Healthy365 mobile application could capture other forms of exercises such as cycling, swimming and aerobics workouts.

106 The Committee also urged the Government to appoint a lead Ministry to coordinate and lead the WOG efforts on managing the fiscal burden of healthcare.

**SINGAPORE GREEN PLAN 2030**

107 As part of the Committee's duty to examine Budget 2021, the Committee turned its attention to Singapore Green Plan 2030. In his Budget 2021 Statement, DPM Heng informed Parliament that the Singapore Green Plan 2030 "is an ambitious long-term plan that builds on ongoing efforts, to secure a green, liveable, and sustainable home for generations of Singaporeans to come". The Singapore Green Plan would involve various Government agencies working in concert, along with a whole-of-society effort, to meet a global challenge. DPM Heng also mentioned in his Statement that "as part of the Singapore Green Plan 2030, the Government will be committing to more ambitious goals under the "GreenGov.SG" initiative for the public sector. This gives renewed focus to the public sector's contribution towards national sustainability goals and reminds all public officers that sustainability must be at the core of our work.".

108 The Committee asked if there would be regular reports or papers published on the status and achievement of goals and targets set out in the Singapore Green Plan 2030 and if so, how regularly such reports would be published. MOF replied that the budgets and targets for the initiatives under the Singapore Green Plan 2030 were part of the relevant Ministries' operating and capital budgets and hence, would be reported as part of the annual budgetary process. Where appropriate, the respective Ministry would provide updates to the public on progress made on specific initiatives. The Singapore Green Plan 2030 Ministries may also compile a consolidated update on the Green Plan from time to time.

109 Next, the Committee asked about the goals and targets under the "GreenGov.SG" initiative for the public sector and how are such goals and targets determined and monitored. The Committee was also interested to know about steps that would be taken to ensure that all

public officers factored sustainability into their work as well as embraced the environment-friendly practices launched by the Ministries.

110 It was shared with the Committee that GreenGov.SG, formerly known as the Public Sector Taking the Lead in Environmental Sustainability (PSTLES) was introduced in 2006 and enhanced in 2014. Information on the new shifts in GreenGov.SG could be found at the Green Plan website (https://www.greenplan.gov.sg).

111 The Committee noted that the name "GreenGov.SG" reflected the cross-cutting role of the Government in supporting the national sustainability agenda mapped out in the Green Plan. The Committee was assured that GreenGov.SG would be a living plan where the Government would continue to refresh the specific targets, strategies and initiatives over time, as new opportunities avail themselves. The Government would release more details on GreenGov.SG over the course of the year.

112 While the public sector had been taking the lead, achieving the goal of sustainable development had to be a whole-of-nation endeavour. With the refreshed GreenGov.SG initiative, the Government hoped to inspire Singaporeans and businesses to embrace green practices and make sustainability a way of life. As indicated under the Green Plan website, the public sector, on its part, would lead the way to pursue sustainable development with the GreenGov.SG initiative by undergoing four key shifts:

(a) First, there would be more ambitious targets, including a carbon emissions target for the first time. The Government would aim for a peak in the public service's emissions around 2025, ahead of the national target.
(b) Second, the scope of GreenGov.SG would be expanded. In target setting, the Government would go beyond government-owned offices, to include public sector infrastructure and operations, such as transport infrastructure and healthcare facilities.
(c) Third, the Government would embed environmental sustainability in the public service's core business areas, for example, in areas like green procurement and education. This would raise sustainability awareness and catalyse green practices beyond the public service. For instance, under green procurement, public sector

agencies would be required to procure products that meet high efficiency or sustainability standards.

(d) Fourth, the Government would build a culture of sustainability amongst public servants. There would be regular sharing sessions organised within the public sector to promote the exchange of ideas, best practices and the latest technological solutions. There would also be campaigns to raise awareness and encourage public officers to take simple steps to lead a more sustainable lifestyle.

113 When asked by the Committee if there were any regulations or revisions to regulations that the Government was contemplating to encourage private sector's involvement in the Green Plan, MOF shared that there had been such examples of how Government agencies had been encouraging the private sector's involvement in the Green Plan, including through regulatory changes. For example, the Government had been supporting the proper management of the three priority waste streams, namely food waste, e-waste and packaging including plastics, through a regulatory framework to promote resource sustainability. The Resource Sustainability Act, a landmark legislation introduced in 2019, gave effect to the regulatory framework. The Government would mandate the segregation of and treatment of food waste by large food waste generators by 2024. The Government had imposed the Extended Producer Responsibility (EPR) framework on producers and retailers of electrical and electronic equipment. The Government had also mandated the reporting of packaging data and submission of plans to reduce, reuse or recycle packaging by producers of packaged products and supermarkets and would put in place the EPR for packaging waste no later than 2025. These regulatory measures are expected to drive demand and create a viable industry for resource recovery in Singapore. They have the potential to create net economic benefit for Singapore and provide an early mover advantage in the global push towards a circular economy.

114 The Government hoped to promote innovative circular business models and position Singapore's companies to seize opportunities in the region for specialised waste treatment, recycling or remanufacturing. Regulatory measures had been complemented by outreach and engagement efforts to businesses and consumers, to develop sustainable production, consumption and waste and resource management habits across the entire value chain.

**Observations and Recommendations**

115 The Committee was satisfied with the whole-of-nation efforts taken to implement the Green Plan and proposed having the goals and the progress made, especially as it pertains to budgets and expenditures, together with the guiding plans to reach those goals, published in an engaging way with suggestions on how and what Singaporeans could do to play their part to achieve those goals. Such outreach efforts could also encourage more Singaporeans to be aware of the Green Plan and take ownership by doing their part in the green movement. In addition, the Committee urged MOF to work with the coordinating Ministry to minimise duplication and wastage in implementing the Green Plan.

**ANNEX A – Insert Interim Assessment Report by MOF released in February 2021 (30 Pages)**

**ANNEX B**

**COVID-19 Support Schemes for Jobs, Self-Employed, Businesses and Special Sectors**

*Budget breakdown, expected utilisation and outreach of key COVID-19 measures*

| S/N | Measures | FY2020 Budgets# ($b) | Expected Utilisation (as at 16 February 2021)# ($b) | Beneficiaries |
|---|---|---|---|---|
| **Support for Jobs and Wages** | | | | |
| 1 | Jobs Support Scheme (JSS) | 26.9 | 26.9 | - More than 150,000 firms employing more than 2 million local workers benefitted from the JSS |
| 2 | Enhanced Wage Credit Scheme (WCS) | 1.1 | 0.9 | - More than 95,000 employers benefitted from enhanced WCS |
| 3 | SGUnited Jobs and Skills package (SGU JS) (inclusive of the Jobs Growth Incentive (JGI)) | 1.0 | 1.0 | - Nearly 85,000 applicants have been placed in jobs and skills opportunities (i.e. jobs, traineeships, training) under SGU JS (May 2020 to Jan 202)<br>- JGI benefitted more than 110,000 new hires in its first two months of implementation (Sep – Oct 2020) based on preliminary estimates. |
| **Support for Business Costs** | | | | |
| 4 | Foreign Worker Levy Rebate | 2.3 | 2.3 | - More than 62,000 firms (including 15,000 firms in the Construction, Marine Shipyard and Process sectors) |
| 5 | Property Tax Rebate | 1.8 | 1.8 | - Property tax rebates were provided to around 136,000 property owners, who had to pass on the benefit of the rebate to their tenants (if applicable). |
| 7 | Rental Relief | 1.8 | 1.0 | - More than 115,000 property owners received notice of cash grant disbursement, who had to provide the appropriate rental waiver to eligible tenants. |
| 8 | Government Rental Waiver | 0.7 | 0.7 | - More than 40,000 tenants located in Government-owned/managed premises. |

| S/N | Measures | FY2020 Budgets# ($b) | Expected Utilisation (as at 16 February 2021)# ($b) | Beneficiaries |
|---|---|---|---|---|
| **Sector-Specific Support** | | | | |
| 9 | Sector-Specific Support (e.g. Aviation, Land Transport, Construction) | 3.2 | 2.7 | - Provided targeted support to stakeholders in different sectors.<br>- Key sector-specific schemes have benefitted close to 600 aviation companies and more than 50,000 drivers in the land transport sector. |
| **Others** | | | | |
| 10 | Others (e.g. financing schemes, deferment of income tax payments) | 34.7 | 13.0 | - Under-utilisation is mainly due to un-utilised loan capital as MAS provided low-interest capital to participating financial institutions for ESG loans. |
| | **Total** | **73.5** | **50.5** | |

*# FY2020 Budgets refer to the allocated budget for each scheme's spending in FY2020. Expected utilisation refers to revised FY2020 budget for each scheme as at 16 February 2021.*

**ANNEX C**

**COVID-19 Support Schemes for Individuals and Households**

*Budget breakdown, expected utilisation and outreach of key COVID-19 measures*

| S/N | Measures | FY2020 Budgets ($b) | Expected Utilisation (as at 16 February 2021) ($b) | Beneficiaries |
|---|---|---|---|---|
| 1 | Care and Support Package (CSP)* and Solidarity Payment (SP) | 5.8 | 5.8 | 2.8m Singaporeans<br>Over 120,000 Permanent Residents (PRs) and Long-Term Visit Pass-Plus (LTVP+) holders |
| 2 | Solidarity Utilities Credit (SUC) | 0.1 | 0.1 | 1.2m Singaporean households |
| 3 | COVID-19 Support Grant (CSG)^ | 0.8 | 0.2 | Over 98,000 employees |
| 4 | Temporary Relief Fund (TRF) | 0.2 | 0.2 | About 450,000 workers |
| 5 | Self-Employed Person Income Relief Scheme (SIRS) | 2.0 | 2.0 | Over 200,000 SEPs |

*# FY2020 Budgets refer to the allocated budget for each scheme's spending in FY2020. Expected utilisation refers to revised FY2020 budget for each scheme as at 16 February 2021.*

**Components of the CSP are Care and Support – Cash, additional cash for parents, PAssion card top-up (in cash), Workfare Special Payment, GST Voucher – U-Save Special Payment and additional U-Save for larger households, Grocery Vouchers, Top-up to Self-Help Groups, Grant to CDCs.*

*^ The low budget utilisation rate is due to lower-than-projected number of job and income losses, in part due to the comprehensive suite of employment-support schemes (e.g. JGI, SGUJS, extension of JSS) that has helped cushion the economic impact of COVID-19. A portion of the un-utilised budget has been re-allocated to fund the COVID-19 Recovery Grant.*

ANNEX A

# An Interim Assessment of the Impact of Key COVID-19 Budget Measures

2021

# EXECUTIVE SUMMARY

The COVID-19 pandemic led to one of the deepest downturns globally and in Singapore. The Singapore Government introduced five Budgets in 2020 to combat COVID-19, committing close to $100 billion, or 20% of GDP, in economic and social support as well as public health management measures. The measures have helped mitigate the impact of the pandemic and allowed a stable re-opening of the domestic economy.

The fiscal measures in response to the COVID-19 pandemic are estimated to have supported GDP growth by 5.5 percentage points in 2020, helping Singapore avert a deeper economic recession. Coupled with accommodative monetary policy which contributed another 1.1 percentage points, the Singapore economy is estimated to have contracted by 5.8% in 2020 instead of 12.4% or more in the absence of policy support. The fiscal measures were also estimated to have prevented the resident unemployment rate from rising by a further 1.7 percentage points in 2020. Total fiscal support, including the Jobs Support Scheme (JSS), is estimated to have helped save or create about 155,000 jobs on average over 2020–2021.

To mitigate the uneven impact of the recession, the Government has tilted support from COVID-19 measures towards more affected sectors, smaller firms, and especially lower-income households. In total, grants received by firms increased significantly in 2020 compared to 2019. Tier 1 firms, which are in the hardest-hit sectors, received more help on a per firm and per worker basis. A significant share of the support came from the JSS, which, based on early data, has worked as intended in helping affected firms retain workers.

In addition to retaining jobs and capabilities, the Government has promoted job creation and reallocated jobseekers into growth opportunities. As of December 2020, the SGUnited Jobs and Skills Package (SGUJS) has helped nearly 76,000 jobseekers and fresh graduates find placements. Under the Jobs Growth Incentive (JGI), 110,000 local jobseekers were collectively hired across 26,000 employers within two months from the implementation of the scheme.

Schemes that directly supported individuals and households exhibited progressivity across income and housing types. By focusing more support for the lower-income and those in smaller flat types, the schemes have helped to mitigate the impact of the COVID-19 pandemic on the lower-income groups. This was seen in the significant reduction in the Gini Coefficient in 2020 after including COVID-19 measures for individuals and households and other government taxes and transfers.

Early data on the COVID-19 Budget measures has been encouraging. The schemes appear to be reaching the intended target groups and achieving the objectives of preserving jobs and cushioning the shocks to businesses and households. However, the pandemic is not over, and much uncertainty remains. The vaccine approvals at the end of 2020 boosted confidence, but wide-scale implementation of vaccination programmes globally remains challenging. The path to recovery will therefore likely be more long-drawn than expected.

# CONTENTS

# INTRODUCTION 01

1.1 The COVID-19 pandemic was a great shock to the global economy. As a small, open economy, Singapore was not spared from its effects. The Government responded decisively, and continued to adapt its responses as the crisis evolved. This was done through a combination of public health measures, fiscal support for workers, businesses and households, accommodative monetary policy, and temporary measures to suspend performance of obligations affected by COVID-19. Five Budgets were delivered over a span of nine months to stabilise the COVID-19 situation within our borders and cushion the accompanying economic fallout.

1.2 This paper reports on the COVID-19 Budget measures and their effects on the economy thus far. It provides a preliminary analysis of the initial effects of the Government's measures to reduce business costs, save jobs, and support families. The full effects of many schemes are still working their way through the economy. A more complete analysis will require a sufficiently long period of observation and collation of more detailed and even micro data, before we can better discern the fuller effects on firms, workers and families.

1.3 The rest of the paper is organised as follows:

- Section 2: The Economy in 2020 describes the global and local macroeconomic situation in the pandemic year and recaps the key COVID-19 support measures rolled out over the five Budgets.

- Section 3: Macroeconomic Impact of COVID-19 Budget Measures presents the macroeconomic impact of the measures on the Singapore economy based on simulations using Monetary Authority of Singapore's Monetary Model of Singapore.

- Section 4: Support Schemes for Firms presents an analysis of schemes targeted at firms, in particular JSS and financing schemes.

- Section 5: Support Schemes for Workers and Graduates looks at schemes that provide jobs and skills opportunities to jobseekers and fresh graduates.

- Section 6: Support Schemes for Individuals and Households analyses schemes that provide broad-based assistance to all households, and additional relief for individuals with job or income loss, and self-employed persons with less means and family support.

1.4 Section 7 presents our concluding observations.

# THE ECONOMY IN 2020

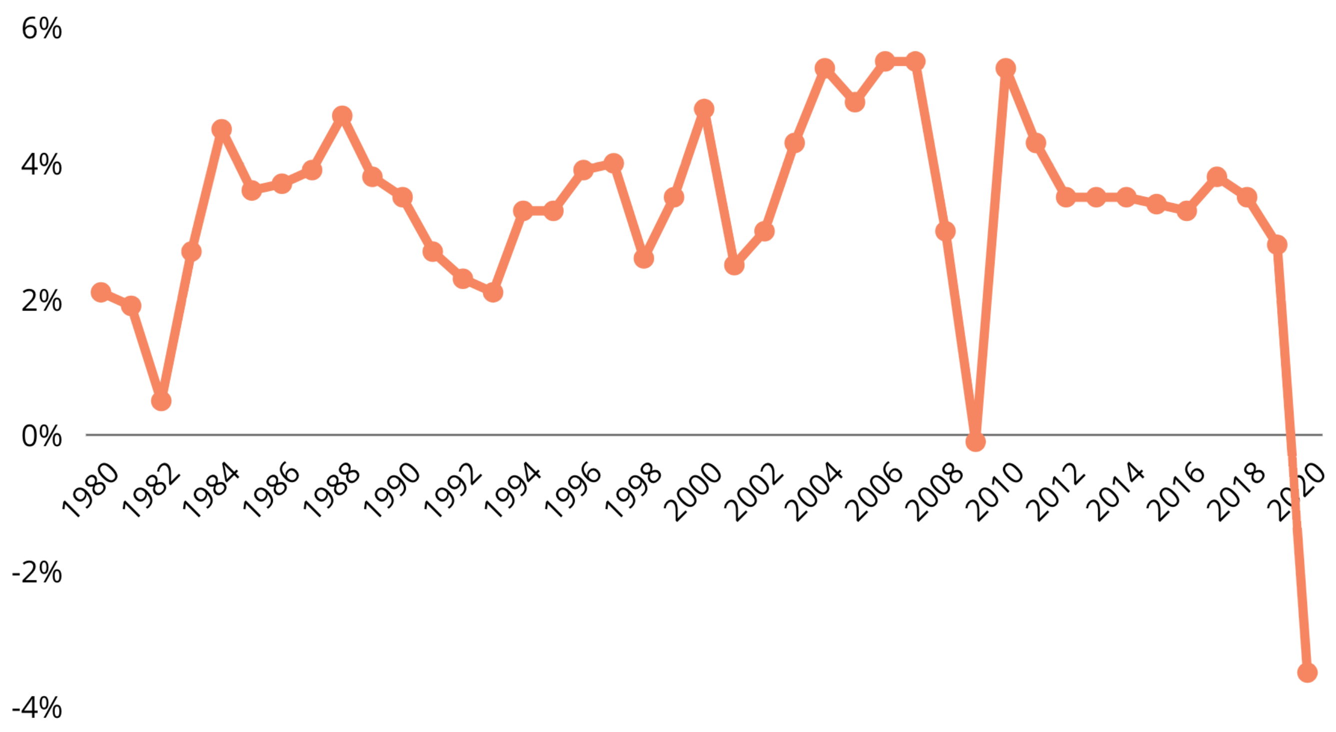
02

## Macroeconomic situation

2.1 To contain the virulent outbreak of COVID-19, in the first quarter of 2020, many governments imposed lockdowns and movement restrictions of varying degrees. These public health measures triggered a deep contraction in economic activity. Large swathes of services activity were shut down, global travel and trade stalled, and supply chains were disrupted. In its January 2021 World Economic Outlook, the International Monetary Fund (IMF) estimated that as a result of these measures, global real GDP fell by 3.5% in 2020, the largest contraction since the Second World War (see Chart 1).

**Global Real Gross Domestic Product (GDP) Growth, 1980 to 2020**

**CHART 1**




Source: IMF World Economic Outlook, January 2021

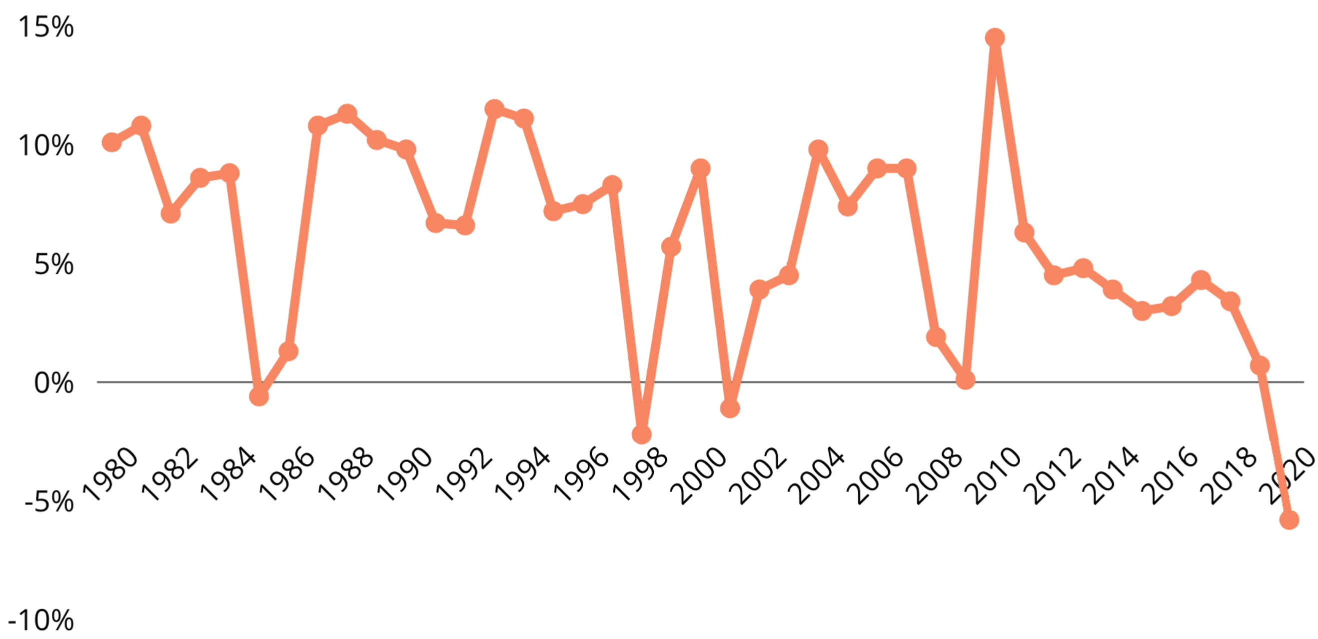
2.2 The economic impact was also uneven. Sectors such as aviation, tourism, food & beverage and retail were hardest hit. Lower-income groups were also disproportionately affected. Workers in high-touch industries, and jobs requiring face-to-face interaction soon faced redundancy as social distancing measures brought economic activities of these sectors to a halt. A study by the Brookings Institution found that such occupations were largely concentrated among the lower-wage deciles and women.[1] Youth unemployment, already high in some places, increased further as job opportunities dwindled.

[1] Avdiu, Besart, and Guarav Nayyar. 2020. "When face-to-face interactions become an occupational hazard: Jobs in the time of COVID-19." *Brookings Future Development* (blog), 30 March 2020.

2.3 Like many other cities, Singapore implemented increasingly stringent travel restrictions and domestic social distancing measures, including a four-week "Circuit Breaker" period in April 2020, which was extended by another four weeks. These measures were aimed at reducing the transmission of the virus and saving lives. They also inevitably contributed to the sharp slowdown in economic activity. In addition, with many of our major final demand markets being affected, the Singapore economy experienced its deepest recorded downturn in 2020. GDP fell by 5.8% for the whole of 2020 based on advance estimates (see Chart 2).

**Singapore Real Gross Gross Domestic Product (GDP) Growth,1980 to 2020***

**CHART 2**




Source: Department of Statistics (DOS)

*2020 Real GDP Growth based on MTI's 4Q 2020 Advance Estimates released on 4 Jan 2021.

2.4 The Circuit Breaker occurred during the second quarter of 2020 (2Q20), which recorded a 13.2% decline from the previous quarter (i.e. quarter-on-quarter seasonally-adjusted, or "qoq sa"), the largest quarterly contraction on record. In the following quarter, as the domestic public health situation was gradually brought under control, and the economy began a phased exit from the Circuit Breaker measures in July. GDP growth in 3Q20 and 4Q20 rebounded by 9.5% and 2.1%[2] respectively (qoq sa).

2.5 However, renewed virus outbreaks in many countries, the re-imposition of lockdowns and movement restrictions, combined with varying levels of compliance with social distancing measures in different populations, have slowed the momentum of the global recovery and continued to generate economic uncertainty. The approvals of the first vaccines at the end of 2020 were widely met with optimism and relief. However, wide-scale implementation of vaccination programmes globally remains challenging, including in Singapore's key markets and trading partners, as well as domestically. This is further hindered by the spread of new strains of the virus in some countries. The path to recovery will therefore likely be more long-drawn than expected, and its course uncertain.

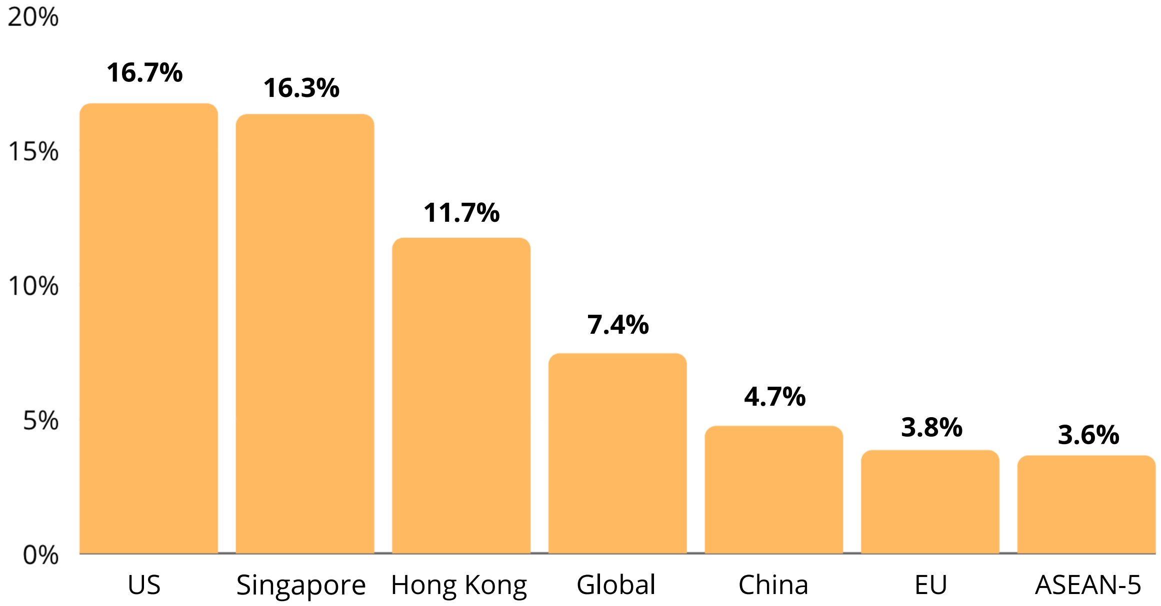
[2] Based on MTI's advance estimates as at 4 January 2021.

## Recap of COVID-19 Budget measures

2.6 The Government introduced five Budgets in 2020 to combat COVID-19, committing close to $100 billion, or 20% of GDP, in economic and social support and public health management measures. This is a sizeable response (see Chart 3). However, the comparison in Chart 3 is only indicative and the appropriate qualifications should be kept in mind. First, it is important to note that the severity of the COVID-19 impact varied considerably across economies and jurisdictions. Different institutional systems and fiscal headroom also meant that economies differed in their mix of policy measures (e.g. direct transfers versus loan programmes). Second, the actual realised impact of support measures may also differ from intended plans depending on implementation and other factors. Additional support packages in some economies, such as those in the United States, are still going through legislative bodies.

**Fiscal Measures in Response to the COVID-19 Pandemic (excl. liquidity support)**

**CHART 3**

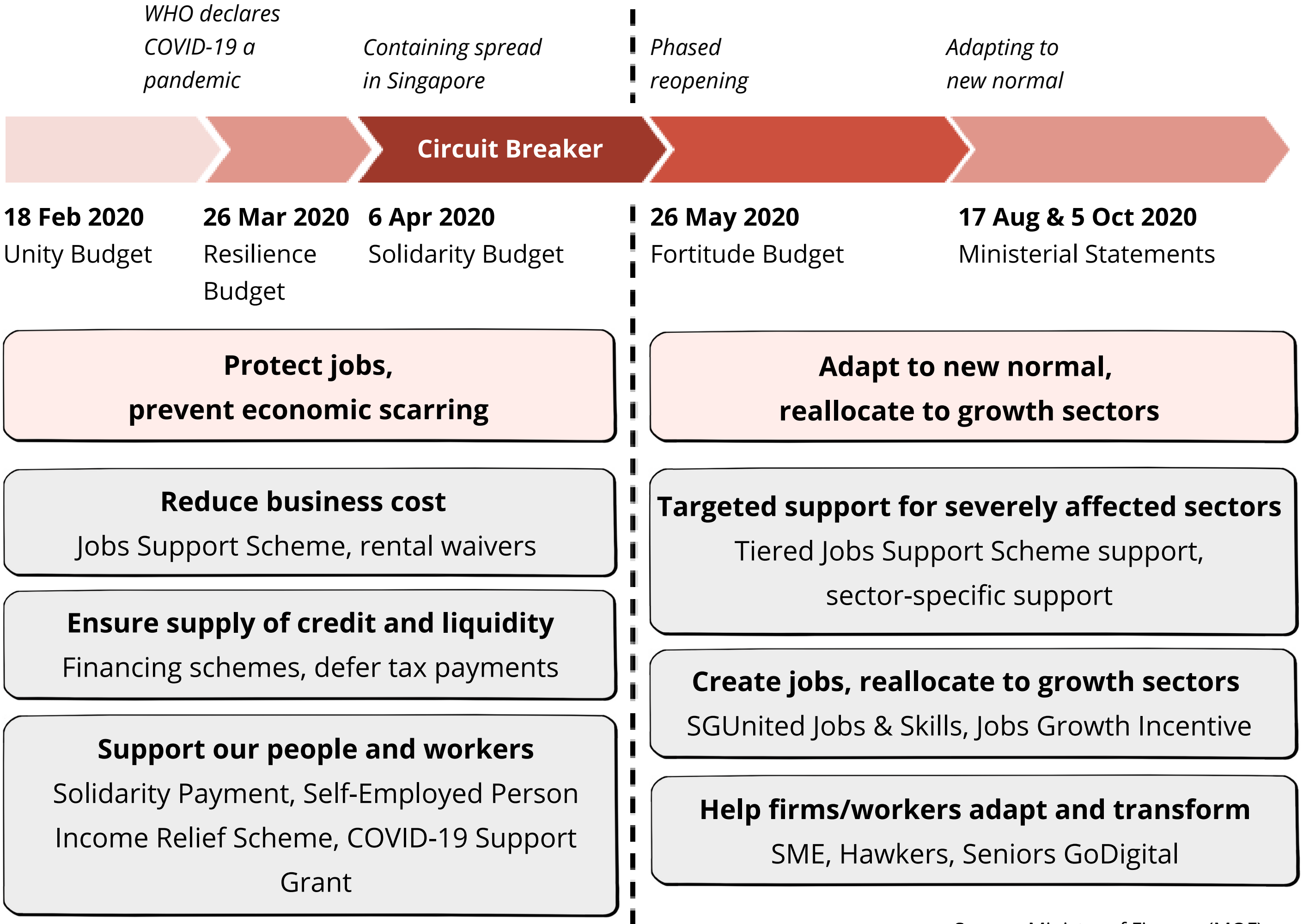



Source: IMF Fiscal Monitor, January 2021

Note: ASEAN-5 aggregate comprises Indonesia, Malaysia, Thailand, the Philippines and Vietnam, and is weighted by countries' shares in Singapore's non-oil domestic exports. Figures are on CY basis except for Hong Kong and Singapore. The fiscal responses exclude liquidity support such as loans & guarantees.

2.7 COVID-19 demanded a **coordinated response across the public health, economic and social domains**, and the Government responded with a strategy to protect lives, protect livelihoods and provide social support. As the pandemic developed, the **focus of the Budgets also evolved in response to changing needs**. The mix of measures was continually fine-tuned to help Singapore adapt to the rapidly changing situation. Chart 4 is a stylised representation of this.

**Budget Responses to the COVID-19 Timeline** **CHART 4**




Source: Ministry of Finance (MOF)

2.8 To **protect lives**, the Government committed $13.8 billion to public health measures.

- Test-trace-isolate: The Government expanded contact tracing, COVID-19 testing and quarantine capacity. By end-2020, it had built up the capacity to carry out over 50,000 COVID-19 tests per day. This enabled Singapore to quickly identify and isolate any cluster, thereby breaking infection chains and flattening the epidemic curve.

- Medical capacity and health supplies: The Government stood up additional healthcare capacity, e.g. Intensive Care Unit beds and community care facilities, to manage potential spikes in caseloads. The Government also moved to secure health supplies, such as personal protection equipment and medication shown to be effective against COVID-19 (e.g. Remdesivir), to ensure that frontline workers are protected and well-equipped to support patient recovery.

- COVID-19 vaccines: The Government signed advance purchase agreements with COVID-19 vaccine manufacturers to secure early access to safe and effective vaccines. The goal was to enable Singapore to achieve herd immunity through widespread immunisation, protect Singaporeans against future waves of infections and to enable a confident reopening of the economy. Singapore was the first Asian country to receive and roll out the Pfizer-BioNTech vaccine.

2.9 To **protect livelihoods**, the Government devoted $73.5 billion of support for workers and businesses.

- Preserve jobs and key corporate capabilities: Initial measures aimed to provide broad-based emergency relief for workers and businesses, in order to preserve jobs despite slower economic activity. At the height of the crisis, the Government subsidised up to 75% of wages for all resident workers through JSS, to which the Government devoted $26.9 billion. In addition, the Government rolled out financing schemes such as the Temporary Bridging Loan Programme to help firms maintain access to credit, and various tax and rental relief measures to help businesses defray operational costs. Additional support was also provided for the sectors most adversely affected by the crisis, such as the aviation and tourism sectors. This included the SingapoRediscovers vouchers to catalyse domestic tourism in a safe manner.

- These measures were pivotal in preserving and creating good jobs as Singapore braved through COVID-19. They also enable businesses to retain business know-how, connections and networks, allowing businesses to quickly bounce back as the economy recovers.

- Facilitate resource reallocation and business transformation: In the later Budgets, measures such as SGUJS incentivised growing firms to increase hiring, helping individuals get into jobs in demand. It also provided traineeships to ensure the fresh graduates from the Institute of Technical Education, Polytechnics, Arts Institutions and Universities had meaningful roles to build their skills even if full-time jobs were not immediately available. To prepare businesses and workers for a post-COVID-19 world, the Government supported transformation and technology adoption amid disruption arising from the pandemic by getting businesses and individuals on board the digitisation journey.

2.10 To provide social support, the government committed $10.0 billion in direct cash transfers and social assistance schemes which gave immediate relief to households and segments of the population which required more help.

- Broad-based social support: At the height of the crisis, the Government quickly provided financial relief for families via broad-based schemes such as the Care and Support Package (CSP), Solidarity Payment and Solidarity Utilities Credit. To ensure timely disbursement to support Singaporeans through the crisis, these were disbursed automatically to eligible individuals and households without the need for application.

- Mitigate distributional impacts: COVID-19 has disproportionately affected the lower-income and vulnerable segments of the population. In response, the Government sought to mitigate the distributional impact of COVID-19 by providing more support to families with fewer resources and individuals who had experienced a loss of income or job. For example, the Temporary Relief Fund (TRF) and COVID-19 Support Grant (CSG) were introduced to provide additional support to those who had experienced income or job loss. In addition, the Government introduced the Self-Employed Person Income Relief Scheme (SIRS) to help self-employed persons (SEPs) with less means tide over economic uncertainty. To date, the TRF, CSG and SIRS have helped more than half a million individuals.

# MACROECONOMIC IMPACT OF COVID-19 BUDGET MEASURES

# 03

3.1 The Monetary Authority of Singapore (MAS) undertook an analysis of the macroeconomic impact of the key fiscal measures announced in FY2020 using the Monetary Model of Singapore (MMS). The MMS is MAS' flagship economy-wide model that is routinely used to generate economic forecasts, conduct scenario analysis and perform policy simulations (further details on the application of MMS are in the Appendix). The total size of the fiscal packages simulated amounted to $75.2 billion (16% of GDP), compared to the government's total announced spending of $97.2 billion. The simulations excluded financial support measures, such as the Temporary Bridging Loan and Enterprise Financing Scheme (budgeted at $22 billion).

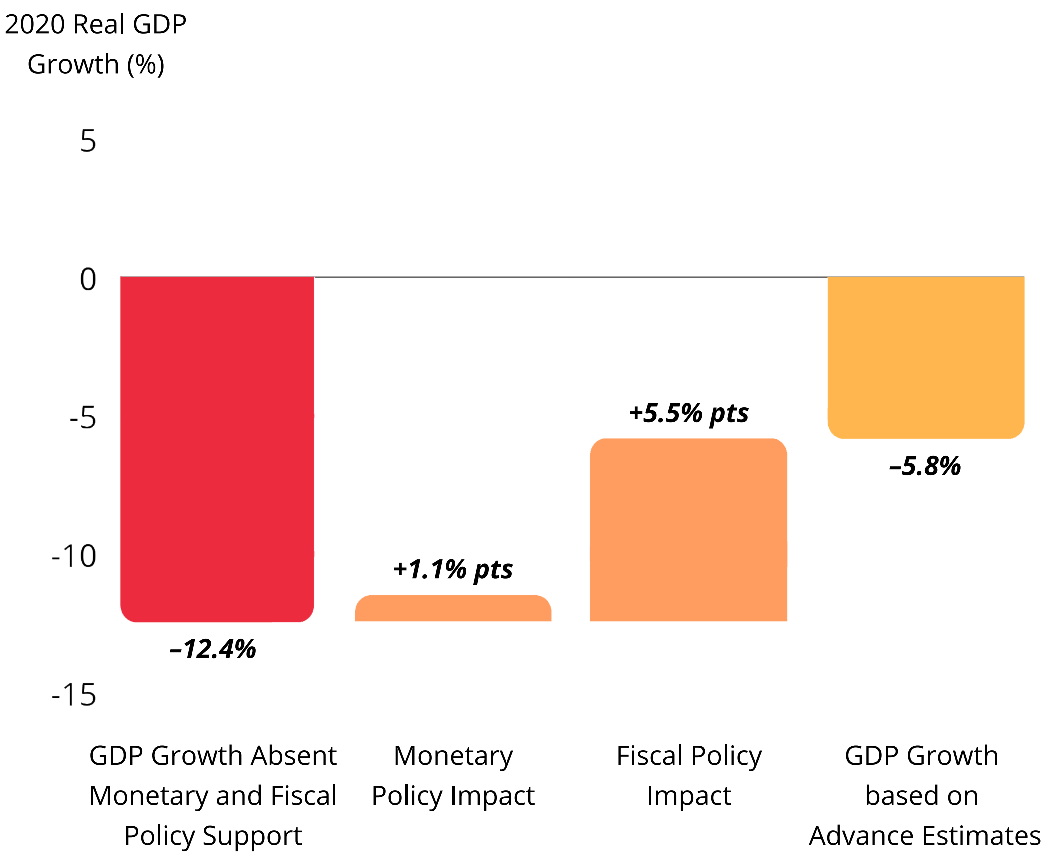
3.2 Compared with support provided in the Global Financial Crisis or 2001 IT slowdown, the composition of the fiscal packages in FY2020 was skewed more towards cost-saving measures for businesses, rather than public consumption and investment. This policy mix recognised that public investment (e.g. in infrastructure) and government purchases of goods and services were likely to be less effective as the circumstances of the pandemic effectively constrained the level of activity that could be safely sustained. The Circuit Breaker and safe distancing measures limited the population's opportunities to increase consumption, despite the transfers provided by the government. Accordingly, the measures were more heavily weighted towards capabilities preservation (e.g. JSS, subsidised business financing schemes), which in turn saved jobs and livelihoods. This will allow individuals and businesses to capture growth opportunities when demand returns.

3.3 **The combined Budgets helped Singapore to avert a deeper economic recession in 2020.** Based on the Ministry of Trade and Industry's (MTI) advance estimates released on 4 January 2021, 2020 GDP growth is expected to come in at −5.8%. MAS modelling finds that the **fiscal measures undertaken in response to the COVID-19 shock supported GDP growth by 5.5 percentage points, i.e. the 2020 growth rate was 5.5 percentage points higher than it would have been absent the fiscal support** (see Chart 5). The accommodative monetary policy stance of the MAS contributed a further 1.1 percentage points. By implication, the COVID-19 shock could have caused an even deeper recession in the Singapore economy in the absence of support from fiscal and monetary policy, with GDP contracting by at least 12.4%.

3.4 **The full impact of the overall policy mix on the economy is likely to be larger than that quantified above.** As mentioned, the estimated contribution from fiscal and monetary policy support in paragraph 3.3 does not include measures such as liquidity and credit relief support to firms, nor measures which provided businesses and individuals relief from rentals and various other contractual obligations (under the COVID-19 (Temporary Measures) Act). These almost certainly had a positive (although difficult-to-quantify) impact on economic activity and shoring up confidence. Financing schemes were critical in easing the cash flow of businesses and households in a timely manner and are accounted for separately below (paragraphs 4.6 to 4.9) in terms of actual loans disbursed.

**Macroeconomic Policy Impact on Singapore's Real GDP Growth in 2020**

**CHART 5**

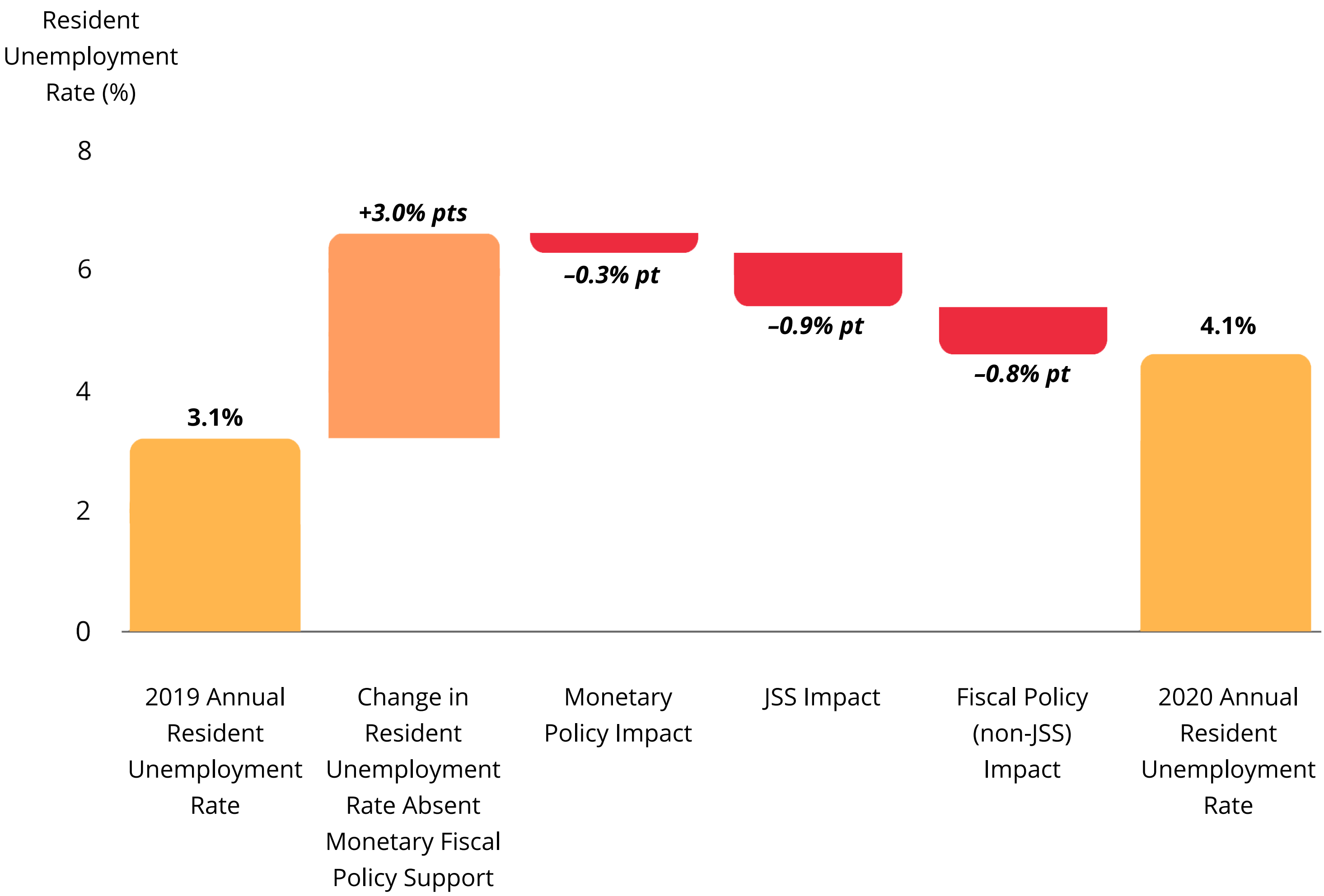



Sources: MAS estimates, MTI

3.5 **Fiscal policy support measures were estimated to have prevented the resident unemployment rate from rising by a further 1.7 percentage points in 2020** (see Chart 6). A large part of this impact is attributable directly to jobs-related measures, with the JSS alone estimated to contribute 0.9 of a percentage point. Other fiscal measures contributed a further 0.8 of a percentage point. Other fiscal measures contributed a further 0.8 of a percentage point. **Total fiscal support, including the JSS, is estimated to have helped save or create about 155,000 jobs on average over 2020–2021.** Monetary policy easing by MAS is estimated to have prevented a further 0.3 percentage-point rise in the unemployment rate. Ministry of Manpower's (MOM) preliminary estimates in the Labour Market Advance Release 2020 (released on 28 January 2021) showed that the resident unemployment rate had risen to 4.1% in 2020, from 3.1% in 2019. The model estimates imply that the resident unemployment rate could have exceeded 6% in the absence of fiscal and monetary policy support. For comparison, the resident unemployment rate was 6.2% in the third quarter of 2003, in the midst of SARS.

**Macroeconomic Policy Impact on Singapore's Resident Unemployment Rate in 2020**

**CHART 6**



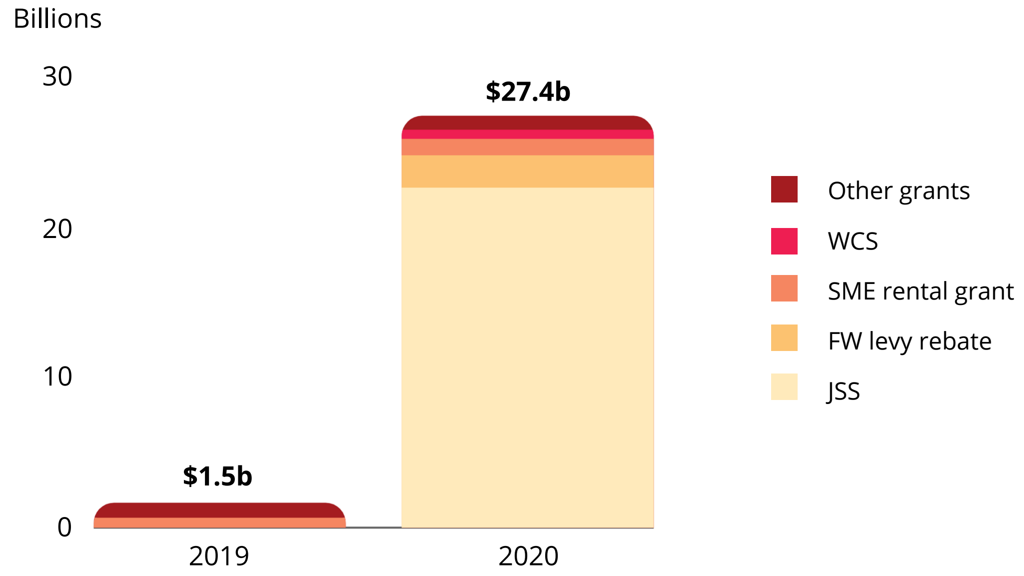

Sources: MAS estimates, MOM

## Grants disbursed

4.1 In total, **grants received by firms increased significantly in 2020 compared to 2019**, as support measures were rolled out to cushion the impact of COVID-19 (see Chart 7). Among the schemes, the largest spending recorded was for the JSS, followed by the Foreign Worker Levy (FWL) rebate, Wage Credit Scheme (WCS) and the Small and Medium Enterprise (SME) rental grant.

**Grants disbursed in 2019 and 2020** [3]

CHART 7



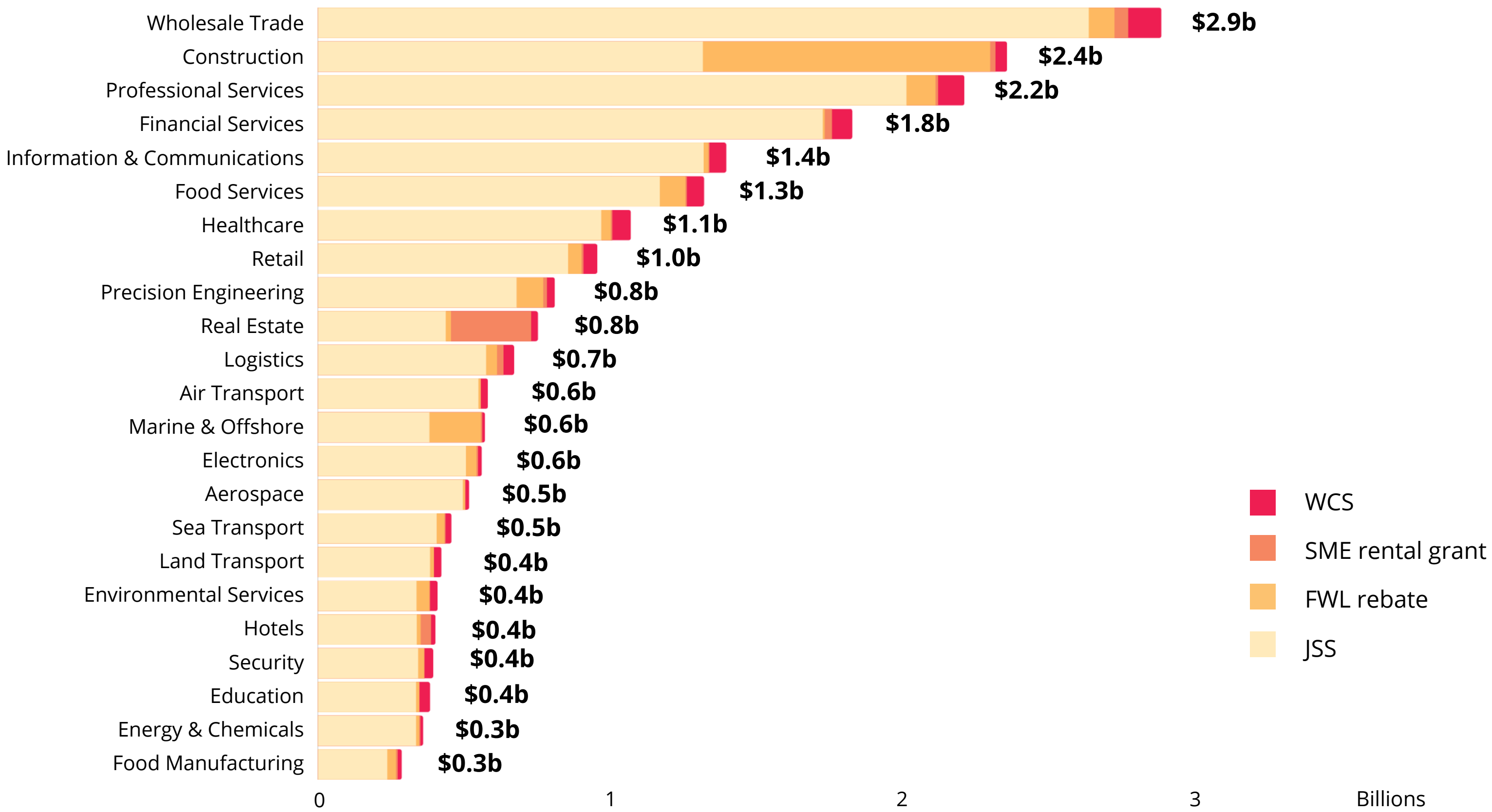

Sources: MOF and DOS

4.2 Focusing on COVID-19-related grants (i.e. JSS, FWL rebate, WCS and SME rental grant), Wholesale Trade and Construction received the highest disbursement in total (see Chart 8).[4] In the Wholesale Trade, Professional Services and Financial Services sectors, about 90% of grants came from the JSS. By contrast, in Construction, about 40% of grants received came from the FWL rebate. The Food Services industry received the most per dollar of value-added (VA), mainly stemming from the JSS (see Chart 9). Sectors such as Marine & Offshore and Construction, which have a high FW share, received higher amounts per dollar of VA from the FWL rebate.

[3] Examples of other grants include: Special Employment Credit, Enterprise Development Grant, Productivity Solutions Grant and the Market Readiness Assistance Grant.
[4] This is partly due to the large number of firms in these industries.

## Grants disbursed by Industry[5] in 2020

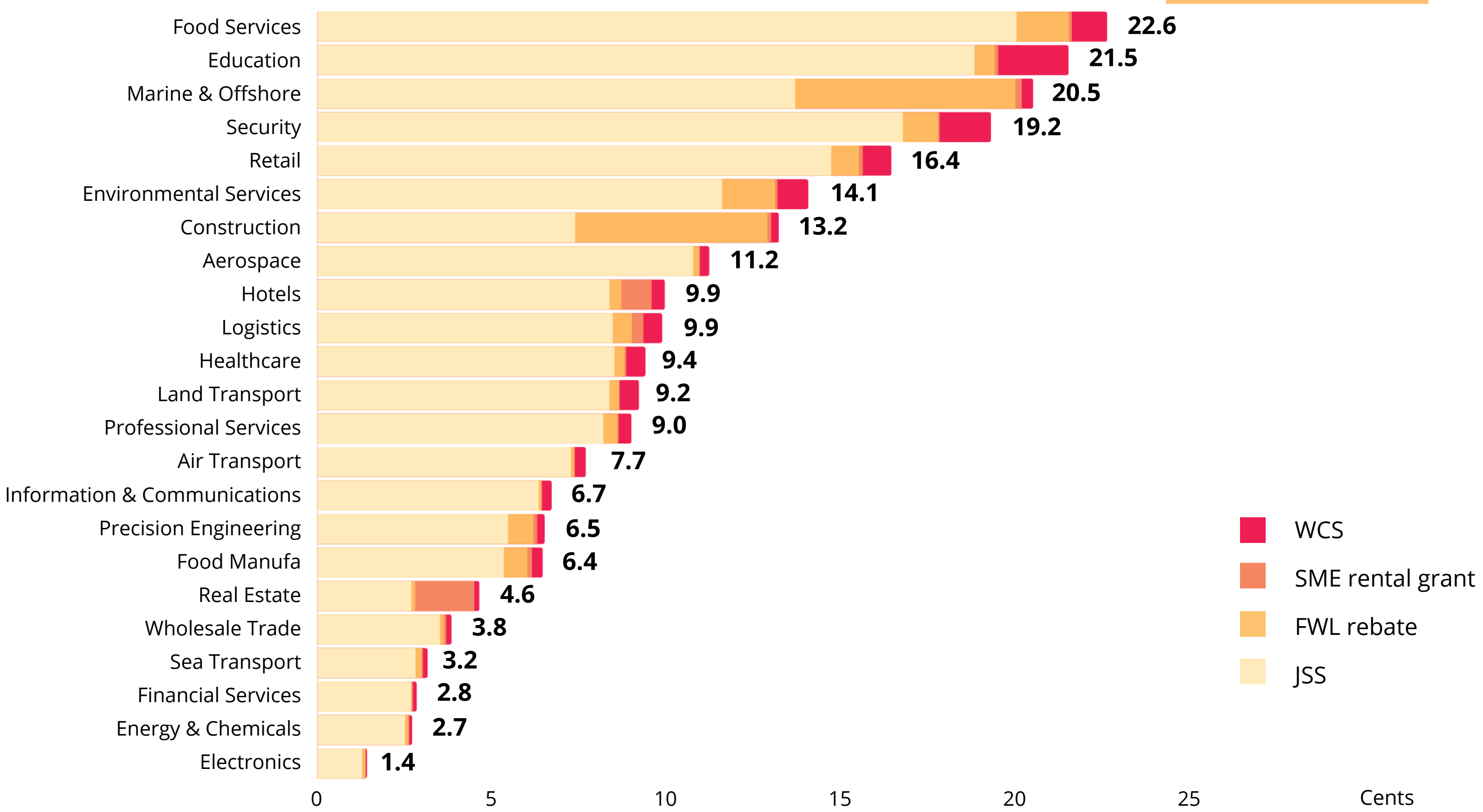
CHART 8




Sources: MOF and DOS

## Grants disbursed Per Dollar of VA[6] by Industry in 2020

CHART 9




Sources: MOF and DOS

[5] Industry mapping based on the Industry Transformation Maps classification.
[6] 2019 VA data was used for the normalisation.

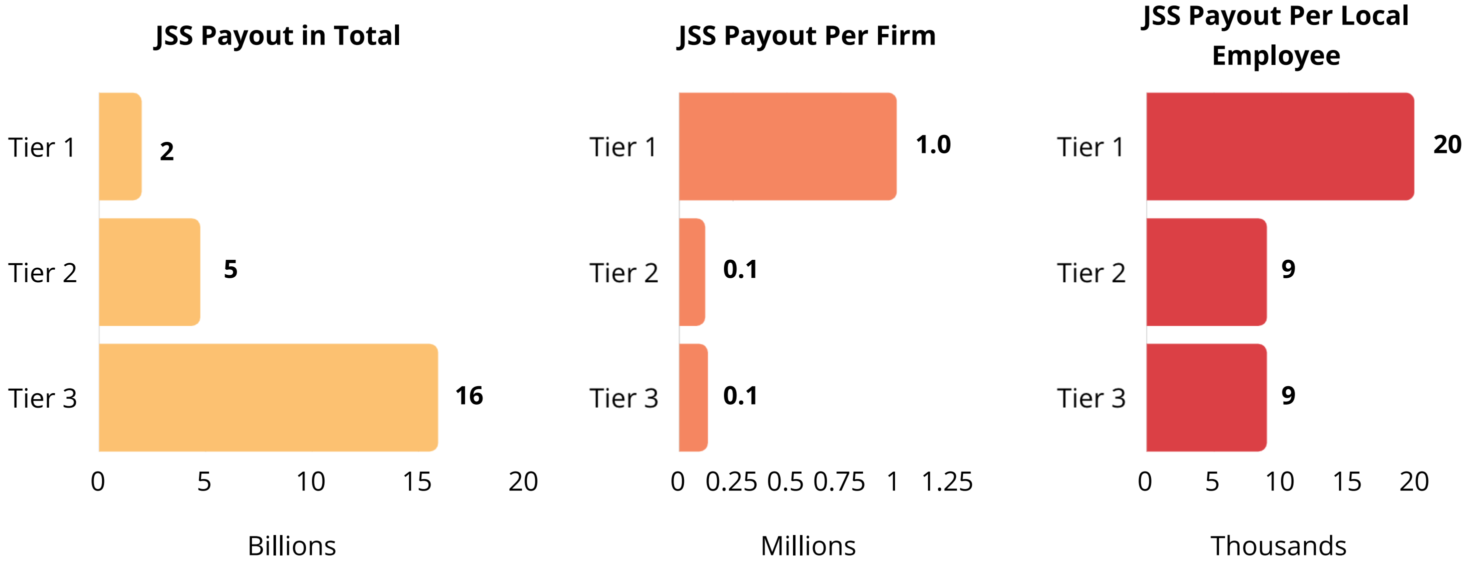
# Jobs Support Scheme[7]

4.3 The objective of JSS was to provide wage support to employers to help them retain employees during this period of economic uncertainty. JSS support was tiered based on the impact of COVID-19 on the various sectors[8], with the Government co-funding 25% to 75% of wages per local employee.

4.4 **From April to December 2020, a total of $22.6 billion of JSS was disbursed.** In total, tier 3 firms formed the largest share of the economy and received the largest share of JSS (see Chart 10). On a per firm basis, Tier 1 firms received more, as they were allocated a higher JSS support level. This is as intended, since the JSS was designed to flow more to these more affected firms.

## JSS Payout (a) In Total, (b) Per Firm and (c) Per Local Employee, by Tiers

CHART 10




Sources: MOF and DOS

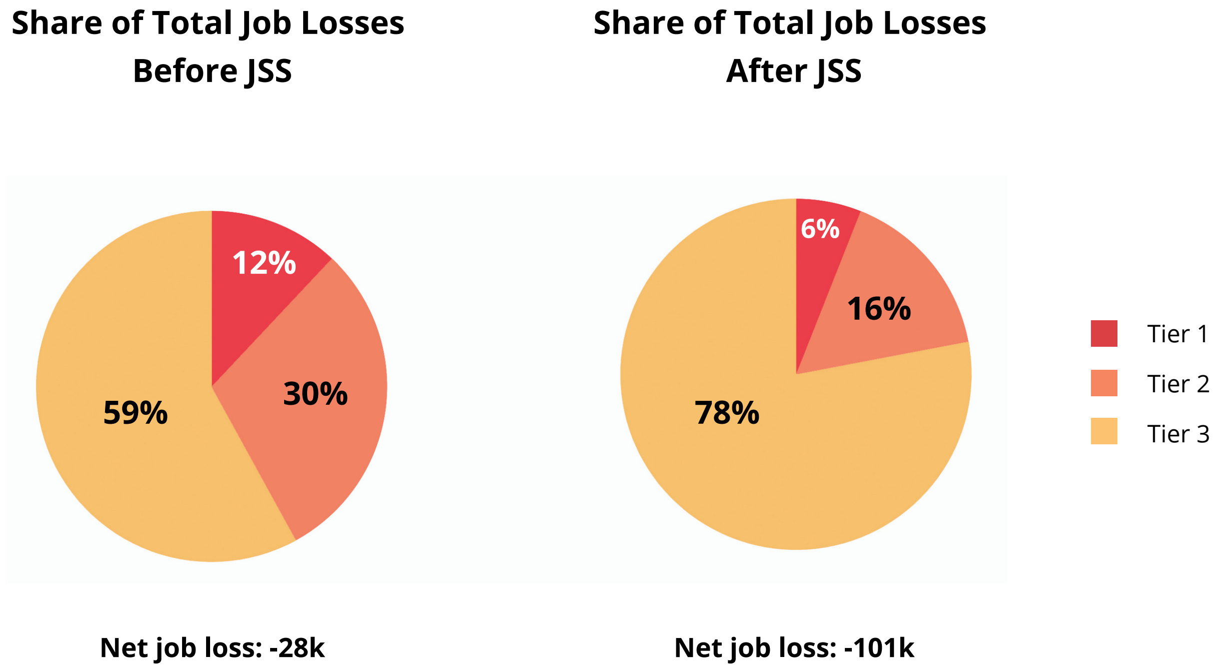
4.5 MAS has estimated that total fiscal support helped to save or create about 155,000 jobs on average over 2020-2021, with the JSS contributing to half of the impact. Given the uneven impact of COVID-19 on the economy, the Government has targeted JSS support towards sectors that are worst-hit (i.e. Tier 1 and 2 sectors). Tier 1 and 2 firms made up 42% of job losses from January to March 2020 (i.e. the period before JSS disbursement began), significantly higher than its pre-crisis share of employment. However, after the JSS disbursement began (i.e. from March to July 2020), Tier 1 and 2 firms made up 22% of job losses, bringing it closer to its employment share. **This suggests that the higher level of support to the most adversely affected firms could have helped them retain their workers (see Chart 11).**

[7] More information on the JSS can be found at: https://www.iras.gov.sg/irashome/schemes/businesses/jobs-support-scheme--JSS-/.

[8] Employers in the aviation, aerospace and tourism sectors ("Tier 1 sectors") are most badly affected by COVID-19 due to global travel restrictions, and hence receive the highest JSS support levels. Tier 2 sectors, comprising food services, retail, arts and entertainment, land transport, marine and offshore, and built environment sectors have been impacted by safe management measures and weakened consumer sentiments; while all other sectors, such as manufacturing and wholesale trade, are in Tier 3.

## Share of Total Job Losses (a) Before JSS and (b) After JSS, by Tiers

**CHART 11**




Source: MOF estimates using data from Manpower Research & Statistics Department, MOM

Note: Numbers may not sum up to 100% due to rounding.

# Financing schemes[9]

4.6 In a crisis, credit conditions can tighten significantly and suddenly. It is hence important to ensure viable firms retain access to credit. Besides direct monetary disbursements, the Government also supported enterprises' financing needs through the risk-sharing of loans with Participating Financial Institutions through the following schemes:

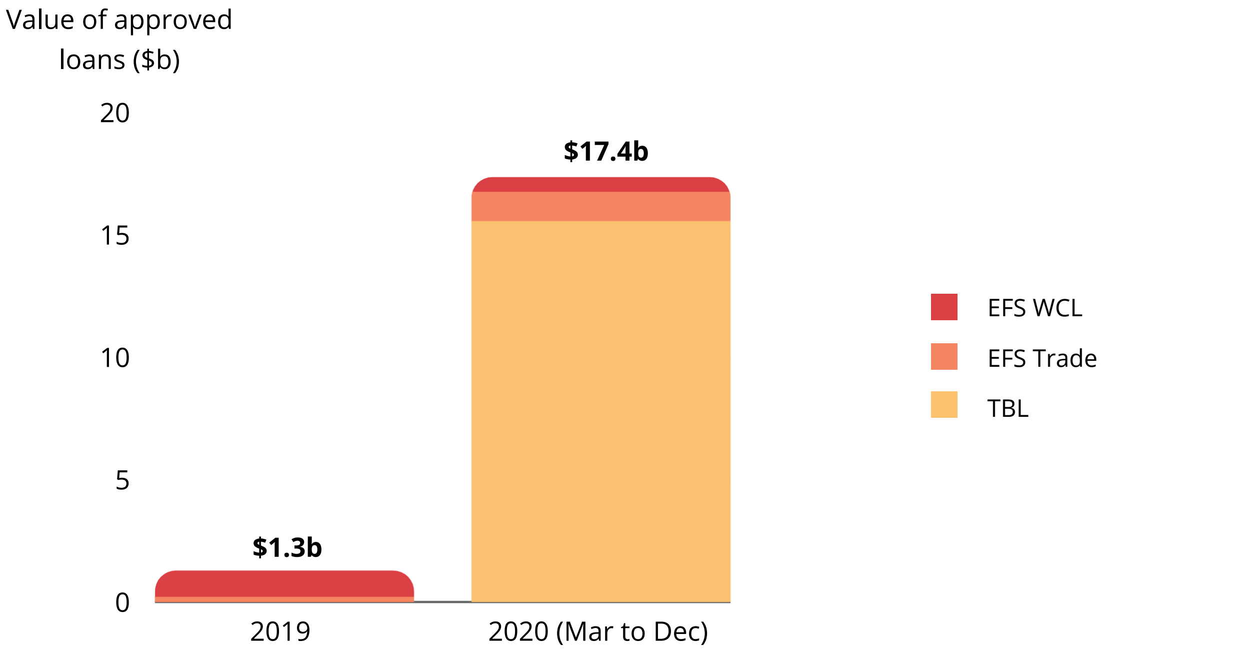
- Temporary Bridging Loan (TBL) Programme
- Enhanced Working Capital Loan (EWCL)
- Enhanced Trade Loan (ETL)

4.7 The above three financing schemes have supported over 20,000 firms in accessing loans worth $17.4 billion from March to December 2020. The total value of approved loans under the three financing schemes was more than 13 times that supported through comparable Enterprise Singapore (ESG) schemes for the whole of 2019 (see Chart 12).

[9] More information on the financing schemes can be found at: www.enterprise.gov.sg/efs and www.enterprise.gov.sg/tblp.

## Value of Approved Loans, 2019 and 2020

**CHART 12**

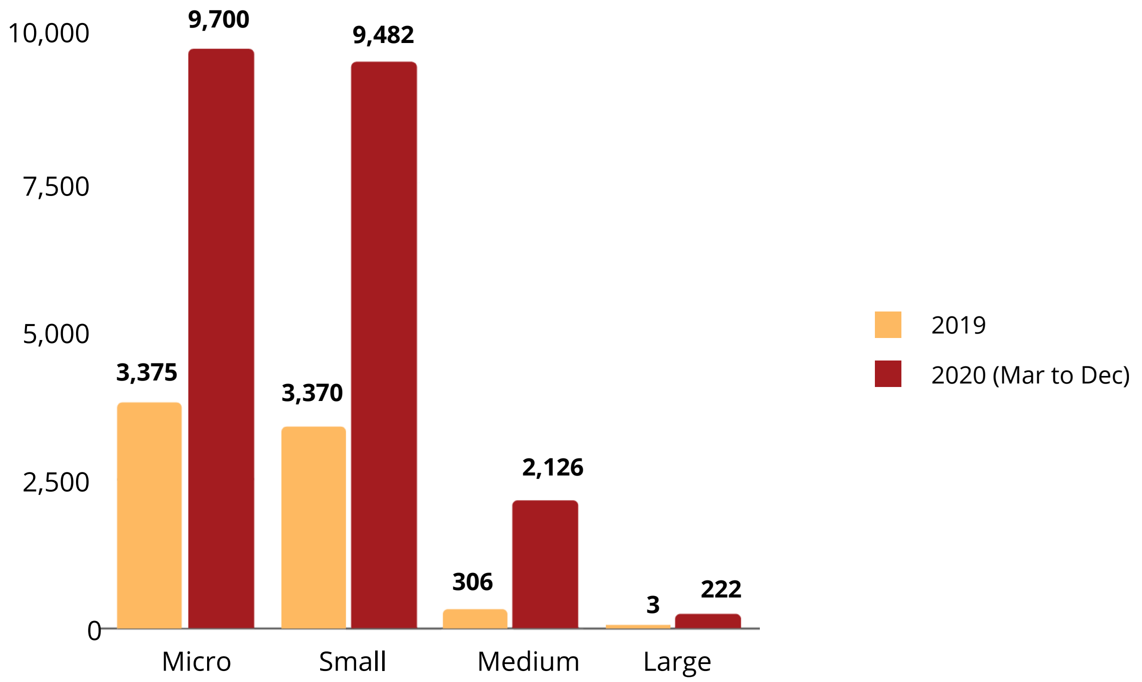



Source: ESG

4.8 The above three financing schemes helped SMEs across a wide range of sectors access financing to manage their cashflow needs, with around 90% of supported enterprises being micro and small SMEs (see Chart 13). The success rate of applications was high, with over 90% of applications approved by the Participating Financial Institutions. By industry, the Wholesale Trade, Construction and Manufacturing sectors received the largest amount of approved loans (see Chart 14).

## No. of Enterprises Supported under TBL, EWCL, ETL and Comparable Schemes by Revenue Band, 2019 and 2020

**CHART 13**

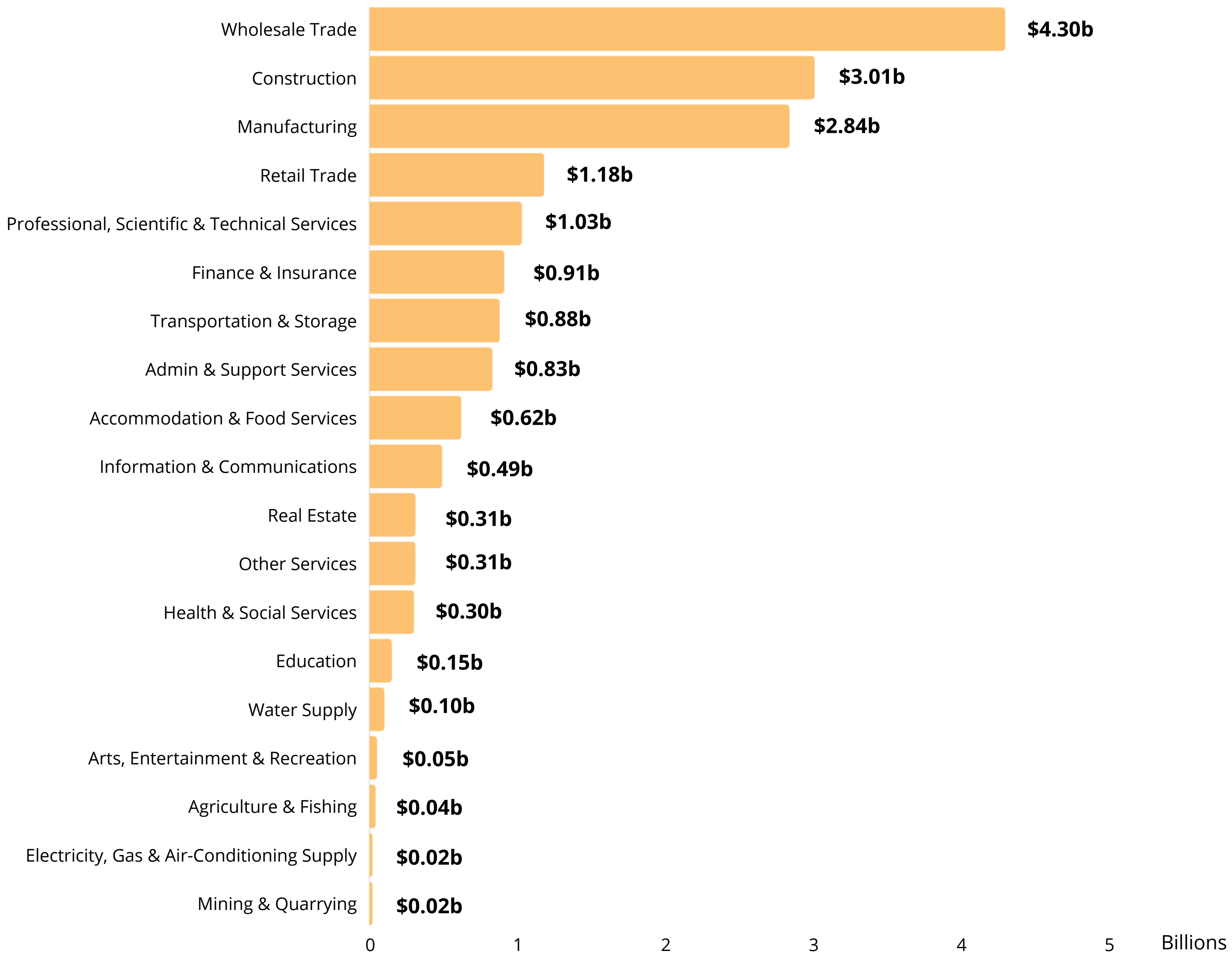



Source: ESG

Note: Enterprises are categorised based on the following revenue bands: Micro – revenue <=$1 million; Small – $1 million<revenue<=$10 million; Medium – $10million<revenue<=$100million; Large – revenue>$100 million.

## Value of Approved Loans under TBL, EWCL, ETL and Comparable Schemes by Industry, 2020

CHART 14




Source: ESG

4.9 MTI's preliminary analysis on the impact of the financing schemes show that the schemes led to improvements in firm-level outcomes. The TBL was found to have supported employment and average local wages, as well as mitigated retrenchments and financial distress. These positive effects were generally seen across firms of different sizes. Similarly, the EWCL was found to have a positive impact on firms' employment and average local wages, with the employment impact being stronger for smaller firms. These are ongoing studies, but these findings provide an early indication that the financing schemes have been effective in supporting firms and their workers during the pandemic.[10]

[10] These are econometric studies which use methodologies such as Fixed Effects regression to mitigate differences in firms' characteristics, and ensure that the characteristics of firms that received loans, and those that did not, are comparable.

# SUPPORT SCHEMES FOR WORKERS AND GRADUATES

# 05

5.1 With the high level of global uncertainty and weak external conditions, it was important to provide incentives to generate job demand, especially for fresh graduates, in both the private and public sectors. The SGUJS was introduced in May 2020 to curate close to 100,000 opportunities, of which more than 40,000 were to be jobs, and the remaining company-hosted traineeships and attachments as well as training opportunities. Schemes under the SGUJS provided support for locals to enter new jobs or take up meaningful skills opportunities that will boost their employability and be better positioned for the economic recovery.

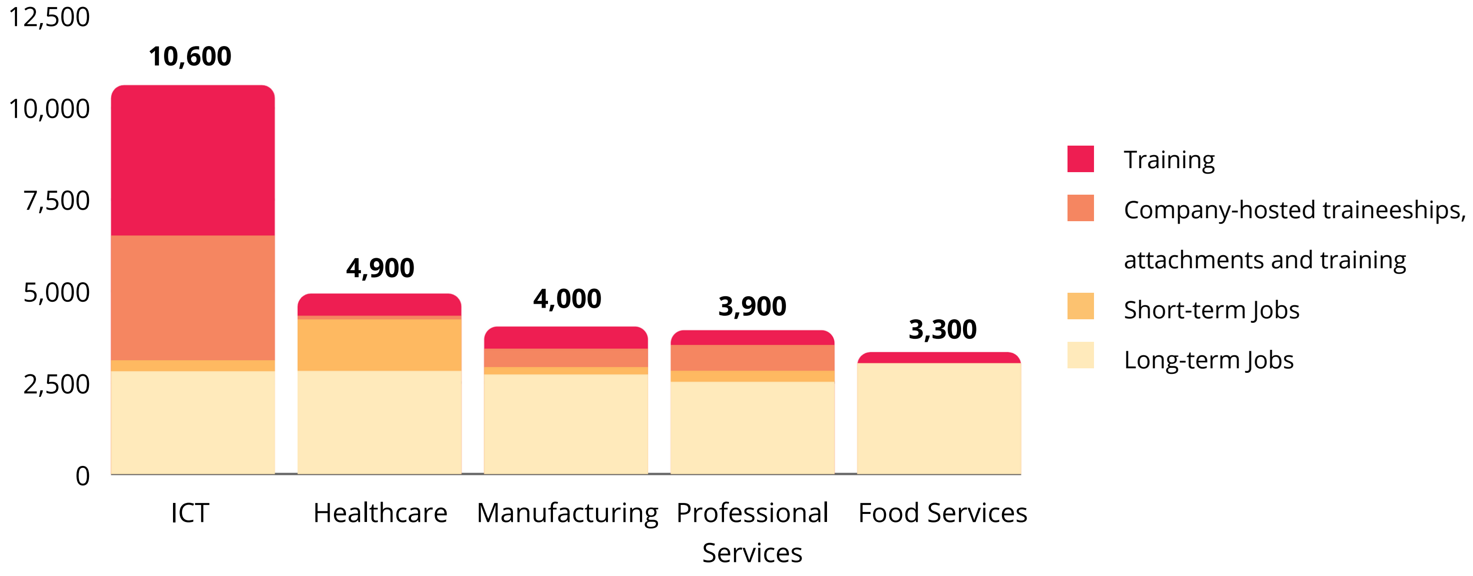
## SGUnited Jobs and Skills Package

5.2 **Nearly 76,000 jobseekers have been placed into jobs and skills opportunities under the SGUJS as of December, due to the strong collaborative efforts among tripartite partners.** Close to 80% (59,400) were placed into jobs, exceeding the original target of 40,000 jobs. Of these job placements, there was a good mix of PMET and non-PMET roles, with 6 in 10 PMETs being placed into long-term jobs.

5.3 The top five sectors into which most jobseekers and workers were placed as of December 2020 were: Information and Communications (ICT) and Media, Healthcare, Manufacturing, Professional Services and Food Services (see Chart 15). **Long-term jobs also accounted for the largest share of placements in most sectors**. For the Information and Communications sector, there were significantly more traineeships, attachments and training opportunities, of which a sizeable proportion were provided by companies.

## Sectors with Highest Cumulative Number of Placements, December 2020

CHART 15



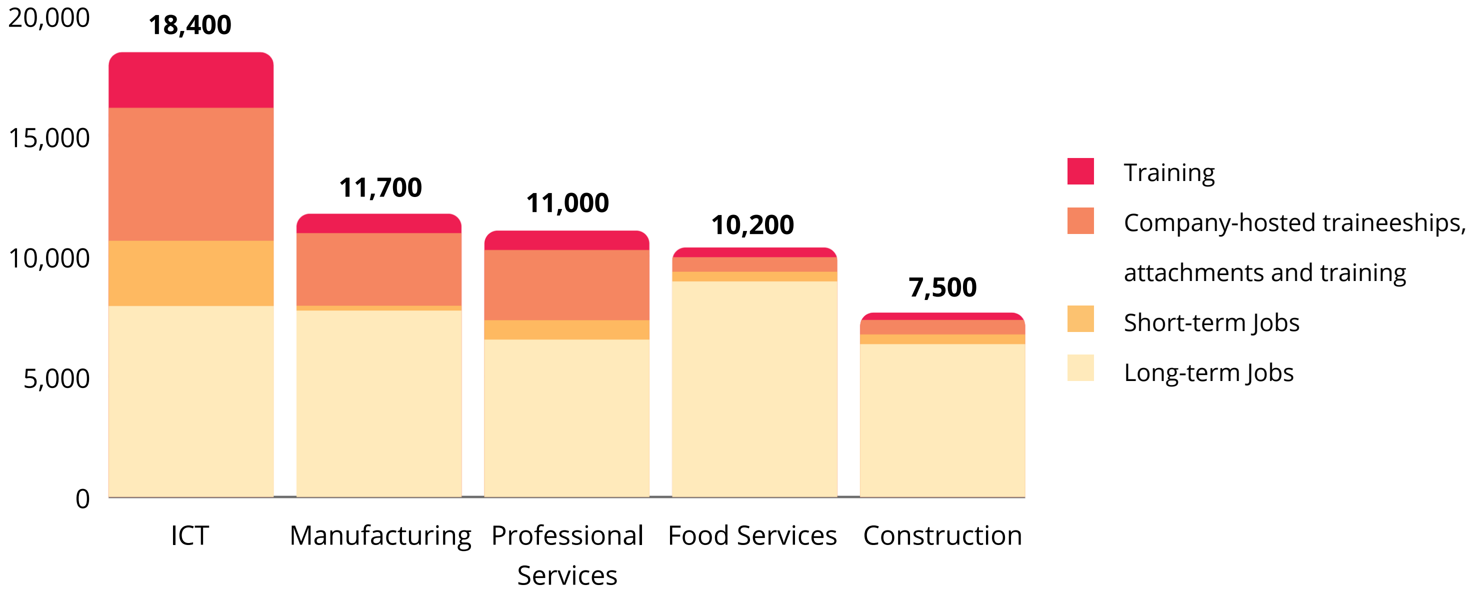

Source: MOM estimates (December 2020)

Note: Data is rounded to the nearest hundreds.

5.4 Opportunities remained available for locals prepared to consider a wider range of options. **There were close to 130,000 available jobs and skills opportunities for jobseekers as at end December 2020**. 3 in 4 (97,800) of the available opportunities were jobs, and mostly of a long-term nature. The top five sectors with the highest number of opportunities still available were Information and Communications, Manufacturing, Professional Services, Food Services and Construction (see Chart 16).

## Sectors with highest number of openings still available, December 2020

CHART 16




Source: MOM estimates

Note: Data is rounded to the nearest hundreds.

# SGUnited Traineeship, SGUnited Mid-Career Pathways Programme and SGUnited Skills

5.5 As at end December 2020, **more than 25,400 opportunities were available under the SGUnited Traineeships (SGUT) and the SGUnited Mid-Career Pathways Programme (SGUP)** to help jobseekers who were unable to find permanent jobs in the current job market to boost their employability.

5.6 **Close to 5,400 fresh graduates have also been emplaced on SGUT by the end of last year,** enabling them to acquire meaningful skills and industry relevant experience. Meanwhile, **more than 3,600 mid-career individuals have been placed in company-hosted training and attachments under the SGUP.** The SGUP has helped these mid-career individuals gain industry-relevant experience while preparing for more permanent jobs in the future. Together, SGUT and SGUP have helped job seekers build up their skill sets and professional networks.

5.7 There had also been strong interest in SGUnited Skills (SGUS), especially in sectors like Information and Communications and Healthcare Services. **More than 7,200 mid-career jobseekers have been enrolled in SGUS courses, and over 6,700 training opportunities remained available as at end December 2020**. These courses supported jobseekers in reskilling and upskilling so that they can access employment opportunities, especially in growth sectors.

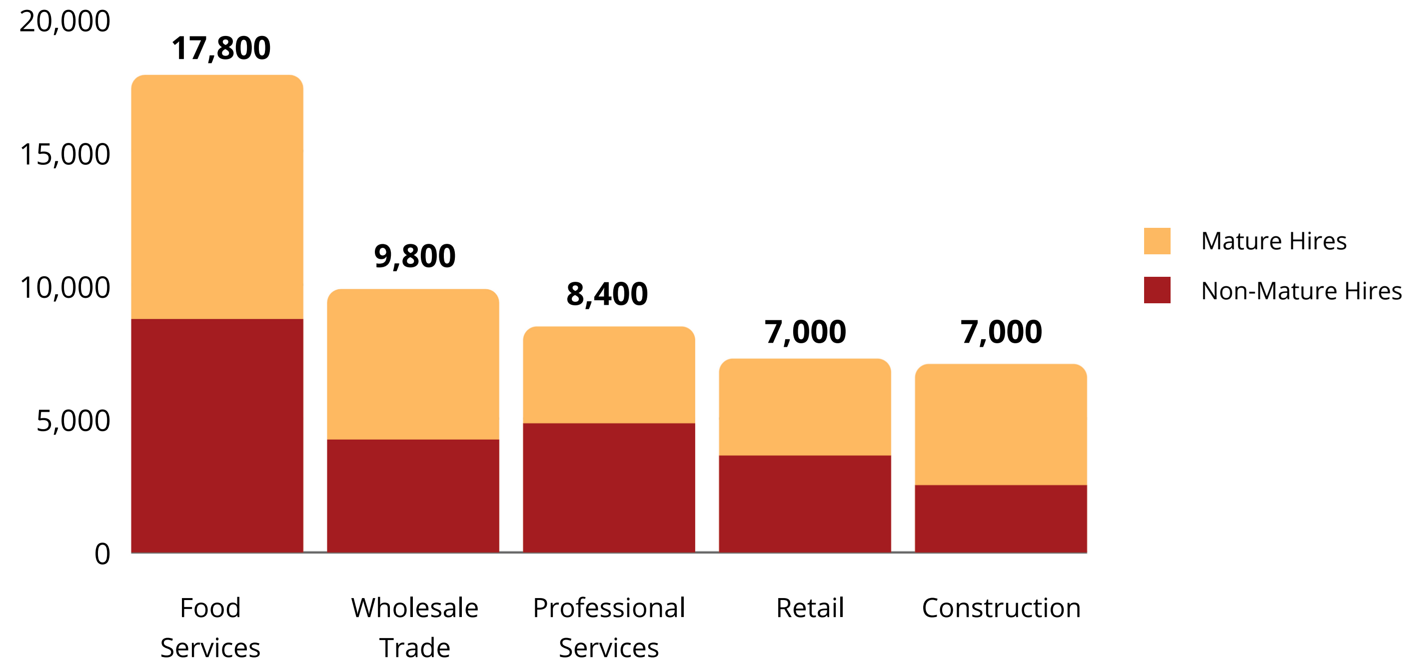
# Jobs Growth Incentive

5.8 JGI provides substantial salary support to encourage employers to bring forward their hiring plans and accelerate their hiring of locals, in spite of economic uncertainty or delayed recovery in demand.

5.9 **Early estimates of the JGI take-up as at October 2020 indicated that the scheme had supported over 110,000 new local hires who were collectively employed by around 26,000 employers**, within two months into the implementation. About half of all the new hires were aged 40 and above. The top five hiring sectors were Food Services, Wholesale Trade, Professional Services, Retail, and Construction (see Chart 17).[11]

## Sectors with Highest Cumulative Number of JGI-supported New Hires, as at October 2020

**CHART 17**




Source: MOM estimates

Note: Data is rounded to the nearest hundreds.

5.10 Of the 14,000 or so employers who qualified for JGI payouts in the first month of September 2020, about 80% maintained or expanded their local hiring in the following month. In October 2020, over 11,000 new employers became eligible for JGI. The majority of all eligible employers hired one to two local workers. About 20% of the eligible employers hired five local workers or more.

5.11 These schemes under the SGUJS are expected to ameliorate the weak labour market situation. Although the annual average resident unemployment rate rose by 1 percentage point from 3.1% in 2019 to 4.1% in 2020, it remained[12] below previous recessionary peaks of 5.2% recorded in 2003 due to SARS, and 4.3% in 2009 due to the Global Financial Crisis.

[11] As the SGUJS and JGI are adjacent schemes that cater to jobseekers and employers respectively, there are possible overlaps between the schemes, in particular between the number of placements under SGUJS and the number of local hires supported under JGI. For example, a jobseeker could also have taken up a short-term opportunity under SGUJS, and subsequently placed in a JGI-eligible long term job.

[12] Based on MOM's preliminary estimates in the Labour Market Advance Release 2020.

# SUPPORT SCHEMES FOR INDIVIDUALS AND HOUSEHOLDS

# 06

6.1 Across the five Budgets in 2020, the **government committed $10.0 billion**[13] **towards cash transfers and social assistance schemes to provide immediate relief for individuals and households**.

- Broad-based support was provided automatically to all Singaporean households to help defray household expenditures. The support was also **tilted towards lower income households**, providing a safety net for the most vulnerable. These refer to CSP and the Solidarity Payment and Solidarity Utilities Credit.

- Schemes that mitigate the distributional impact of COVID-19 provided more support to individuals who had experienced a loss of income or job, or were SEPs with less means and family support. These refer to TRF, CSG and SIRS.

6.2 On a per household basis, Singaporean households received about $4,000 on average from broad based schemes, of which 87% ($3,500) were in cash transfers. In addition, households with less means whose members experienced job or income loss, or were self-employed persons, received an additional $5,100 in relief on average.

[13] This includes other social support schemes (e.g. top-up to TB Enhanced Fund-Raising Programme), which are not included in the analysis.

# Summary of COVID-19 Budget measures for individuals and households

## Broad-based schemes

### Care and Support Package

Provided assurance and support to Singaporean households by helping to defray part of their expenses:

**Cash components**

- Broad-based Cash Payouts (including Solidarity payment), Additional Cash Payout for parents of young children, Workfare Special Payment and PAssion Card Top-Up (in cash).

**Non-cash components**

- Additional GST Voucher U-Save rebates (including additional rebates for larger households), Solidarity Utilities Credit, Service and Conservancy Charges (S&CC) rebates and Grocery Vouchers.

## Schemes that mitigate distributional impact

### Temporary Relief Fund

- Provided immediate, one-off financial assistance of $500 to individuals who required urgent help, before other support measures were in place.

### COVID-19 Support Grant

Provided lower- and middle-income resident employees affected by COVID-19 with interim cash assistance of:

- Up to $800/month for 3 months for those who lost their jobs or were placed on involuntary No-Pay Leave (NPL) for at least 3 consecutive months.
- Up to $500/month for 3 months for those with income loss of at least 30% for at least 3 consecutive months.

### Self-Employed Person Income Relief Scheme

- Helped self-employed Singaporeans with less means and family support to tide over this period of economic uncertainty via 3 quarterly cash payouts of $3,000 each from April to December 2020.

Note: Solidarity Payment and Solidarity Utilities Credit are grouped together with CSP for ease of analysis.

# Support levels of COVID-19 Budget measures among citizen households

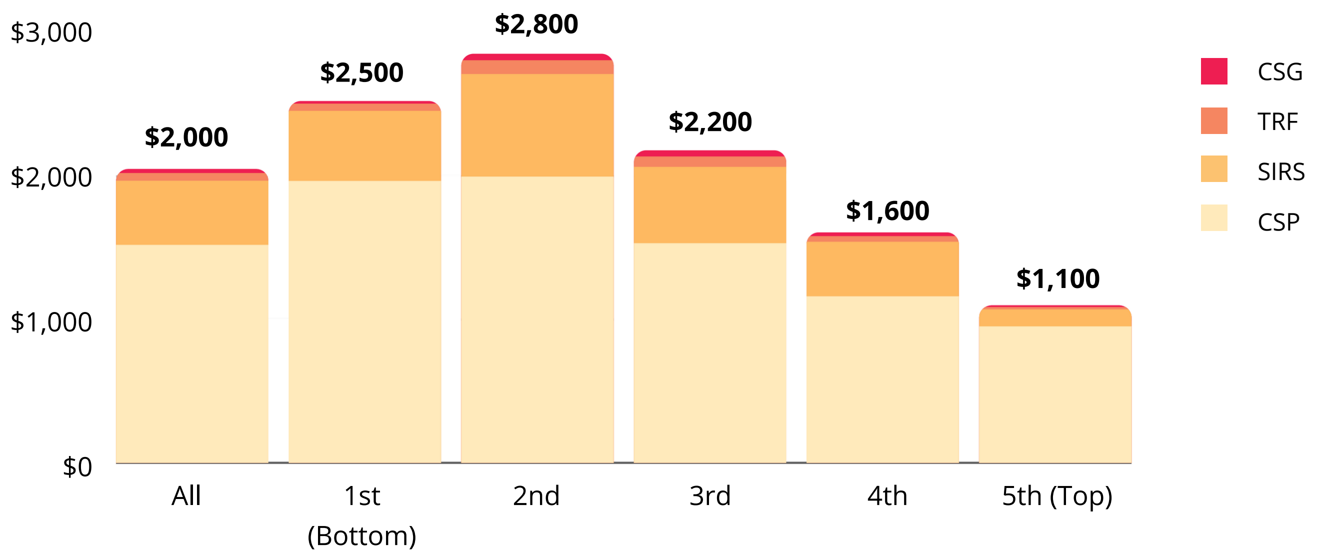
6.3 This section **analyses the impact of COVID-19 measures (i.e. CSP, TRF, CSG and SIRS) across income quintiles and dwelling types,** looking at benefits received from COVID-19 measures on a per household member basis.

6.4 **Singaporean households received approximately $2,000 per member on average from COVID-19 household and individual measures combined** (see Chart 18). The broad-based CSP accounted for 70% of the benefits received. Lower income households received higher levels of support from selected components of the CSP, especially through the Workfare Special Payment (WSP) and Grocery Vouchers (GV) which further offset their daily expenses. In comparison, schemes that mitigated the distributional impact of COVID-19 (i.e. TRF, CSG and SIRS) accounted for a smaller share of the benefits received on average (30%). This was because the relief from these schemes were only provided to households with self-employed persons or employees who experienced income or job loss.

6.5 **The COVID-19 measures were distributed in a progressive manner.** Households in the lower quintiles received more benefits compared to those in the upper quintiles. Households in the bottom quintile received slightly less than households in the 2nd quintile because a significant proportion of them were retiree households who might not qualify for the relief contingent on prior work (TRF, CSG and SIRS). Nonetheless, these households received other forms of structural support, such as Silver Support, which were not included in the analysis.

**Average support per member from COVID-19 Budget measures among all citizen households by Income Quintiles**

**CHART 18**



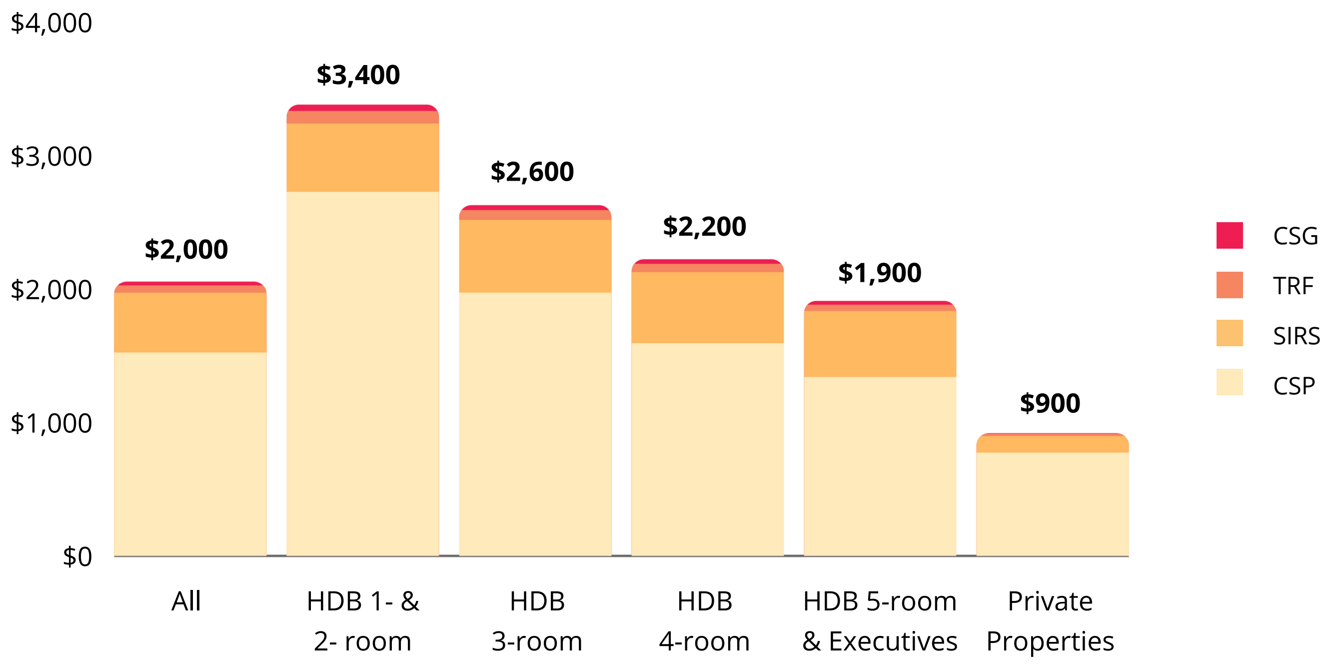

Source: MOF estimates

Note: Figures are rounded to nearest hundreds. Citizen households refer to households headed by Singapore Citizens. Income quintiles are based on ranking of citizen households by monthly household income from work per household member (including employer CPF contribution) in 2019 (i.e. pre-COVID-19). CSP is estimated based on the characteristics of households in 2019. CSG and SIRS data is up to July 2020.

6.6 **Singaporean households in smaller HDB flat types received higher levels of support** (see Chart 19). In particular, households in HDB 1- & 2-room flats received almost four times as much in benefits as those in private properties.

**Average support per member from COVID-19 Budget measures among all citizen households by Dwelling type**

CHART 19




Source: MOF estimates

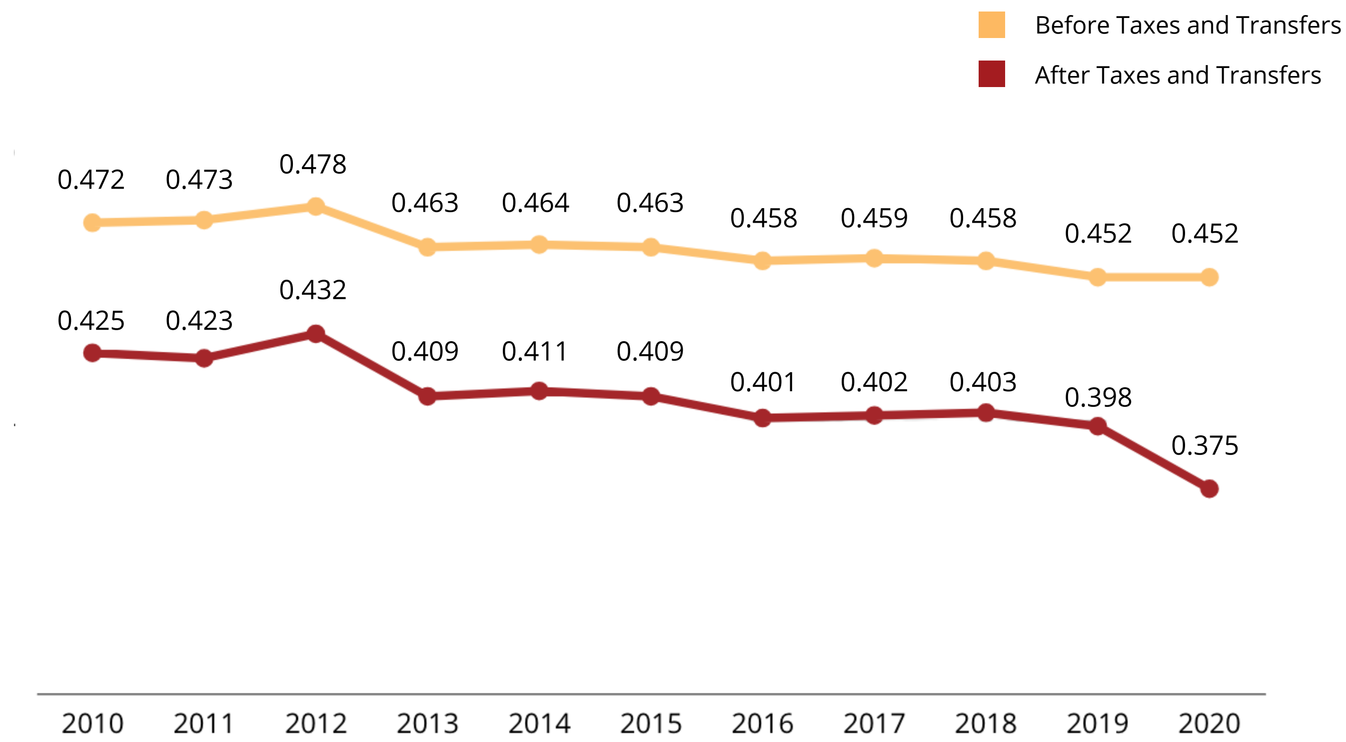
Note: Figures are rounded to nearest hundreds. Citizen households refer to households headed by Singapore Citizens. HDB 1- & 2- room includes HDB studio apartments. CSP is estimated based on the characteristics of households in 2019. CSG and SIRS data is up to July 2020.

# Impact of COVID-19 Budget measures on inequality

6.7 **The significant amount of support provided by COVID-19 measures helped to mitigate inequality.** Based on the DOS' Key Household Income Trends Report for 2020, the Gini Coefficient [14] before taxes and transfers was 0.452 in 2020, unchanged from 2019 (see Chart 20). After accounting for government transfers and taxes, the Gini coefficient in 2020 fell to 0.375, or a reduction of 0.077. The significant reduction in 2020 can be attributed to the COVID-19 measures which were tilted to provide more help to those with lower incomes and who may lack other forms of support.

## Gini Coefficient among Resident Employed Households

CHART 20




Source: DOS, Key Household Income Trends 2020

[14] The Gini Coefficient is a summary measure of income inequality. It is equal to zero in the case of total income equality and to one in the case of total inequality. The Gini Coefficient is computed based on household income from work (includes employer CPF contributions) per household member among resident employed households.

# CONCLUDING REMARKS

# 07

7.1 This report takes stock of the current situation and various COVID-19 schemes based on currently available data. In summary:

- Macroeconomic simulations suggest that the measures averted a sharper drop in GDP and a larger rise in unemployment. Specifically, the fiscal measures helped to cushion the negative shock of COVID-19, averting a further drop in GDP growth of 5.5 percentage points. The fiscal measures were also estimated to have offset the rise in the resident unemployment rate by about 1.7 percentage points in 2020.

- Preliminary data suggests that JSS may have reduced job losses in vulnerable firms, thereby helping to preserve corporate capabilities and ensure livelihoods. The loan schemes have also provided relief to firms that needed it, supporting over 20,000 firms in accessing loans worth $17.4 billion from March to December 2020. Based on MTI's initial analysis on short-term effects, the loan schemes had a positive impact on firm-level outcomes such as employment and average local wages.

- Expansion of job and skills opportunities through SGUJS has enabled workers and fresh graduates to acquire meaningful skills and industry relevant experience in a soft labour market. As of December 2020, SGUJS helped nearly 76,000 jobseekers and fresh graduates find new jobs and opportunities. Under the JGI, 110,000 local jobseekers were collectively hired across 26,000 employers two months after the implementation of the scheme.

- Broad-based social support in the form of direct cash and non-cash assistance under the CSP was provided to households to help defray expenses, with additional assistance for the most vulnerable. Individuals who lost their jobs or income, or were self-employed persons with less means and family support benefited from relief from TRF, CSG or SIRS. The benefits from these schemes were progressively distributed, and led to a significant reduction in the Gini coefficient in 2020 after accounting for government taxes and transfers.

7.2 The measures in the five Budgets appear to be reaching the intended target groups and achieving the objectives of preserving jobs and cushioning shocks to businesses and households, and mitigated inequality. These are encouraging results.

7.3 Many of the schemes are ongoing and their effects are still working through the economy. At a later stage, when more data becomes available, there is scope for further detailed analysis.

# APPENDIX

A brief overview of the Simulation Approach in MAS' Monetary Model of Singapore

## Key features of the model

A.1 As a computable general equilibrium (CGE) model, the MMS is a detailed representation of the Singapore economy that simultaneously solves for the inter-temporal decisions of households, firms and the government based on established economic theory and relationships. The model also captures spillovers and feedback loops among the sectors of the economy in a dynamic and internally-consistent way. Key model parameters are regularly estimated and calibrated using up-to-date data on the Singapore and international economies to ensure that the model remains well-specified and relevant. These features enable the model rigorously to estimate the effects of macroeconomic policy changes across the economy and over time.[15]

A.2 This Appendix illustrates how the macroeconomic impact of Budget FY2020 was estimated using the MMS by showcasing two illustrative policy simulations.[16] The first section discusses policy simulations involving production subsidies, given the predominant focus of the Budget in providing cost relief to firms, including through subsidising wages under the JSS. The second section focuses on the approach to simulating the effects of cash transfers to households.

## Production subsidies for businesses

A.3 In general, production subsidies (or essentially negative production taxes) are given to firms to offset the costs of labour, machinery, buildings or other assets that are used in production. This definition informs the structure of the MMS, which contains three main production tax levers: foreign worker levies, property taxes, and a third general production tax that can be negative (i.e. a subsidy). Production subsidies can be targeted at different sectors[17] in the MMS, enabling the model to capture the impact of fiscal measures on specific segments of the economy in a more targeted fashion.

[15] For a detailed technical description of the MMS, please refer to: https://www.mas.gov.sg/-/media/MAS/Monetary-Policy-and-Economics/Education-and-Research/Education/Macroeconometric-Models/The-Monetary-Model-of-Singapore-MMS-A-Technical-Overview.pdf.

[16] A closer look at the fiscal levers in MMS can be found in Box C of the April 19 issue of the Macroeconomic Review: https://www.mas.gov.sg/-/media/MAS/resource/publications/macro_review/2019/MR_April19.pdf.

[17] The MMS comprises five main sectors: manufacturing, construction, finance & business services, other services and ownership of dwellings.

A.4 Production subsidies create a wedge between the cost of, and the returns to, the primary factors of production. This arises from the reduction in the post-tax marginal cost of primary factor inputs used by the targeted sector, which in turn reduces the cost of domestically-produced intermediate goods. Positive spillovers are then generated for the other sectors in the economy that use these cheaper intermediate goods in their production. Additionally, intermediate goods become cheaper relative to imports, which are also used to produce final goods and services. Accordingly, firms substitute domestically-produced intermediate goods for imports, which further stimulates production. In turn, the lower production costs in the other sectors generate some spillback effects on the subsidised sector, amplifying the overall positive impact on GDP and the utilisation of domestic factor inputs such as labour. Notably, the size and profile of the macroeconomic impact will depend on the sector the production subsidy is targeted at.

A.5 To arrive at the estimated impact of Budget FY2020, most of the cost relief measures were implemented in the MMS as production subsidies that result in cost savings to firms. Specifically, the JSS was simulated as a temporary reduction in the wage bill, lowering the cost of labour as a factor input, for a given level of output. [18] Thereafter, the effects flow to the rest of the economy via the transmission channels already described. Likewise, property tax rebates were taken into the MMS via the dedicated property tax lever.

# Transfers to households and self-employed persons

A.6 Measures supporting households, such as the CSP, CSG and SIRS, were simulated as direct cash transfers to households, which augmented their disposable incomes. The impact of this additional disposable income on consumption depends on households' underlying marginal propensities to consume (MPC). [19] The distribution of the payouts has been skewed towards lower and middle-income households, who have higher MPCs. Accordingly, the impact of the measures on consumption is expected to be larger than if the payouts had been allocated more uniformly across the population.

A.7 In addition, the simulations take into account that the Circuit Breaker measures are likely to have increased the gap in MPCs between lower and higher income groups. This arises because discretionary goods and services comprise a higher weight in the consumption basket of higher income groups. The suspension in the supply of many non-essential goods and services during the Circuit Breaker period means that the consumption of these higher-income groups was necessarily more constrained.

[18] The JSS payouts lower the wage paid by firms. The difference between that and the wage received by workers is assumed to be borne by the government.

[19] The measure-specific MPCs are computed as a weighted average of the MPCs for each income quintile. MPC is the share of incremental income that is spent, which can be hard to estimate with observed data. Another similar metric, the average propensity to consume (APC), is measured as the ratio of the average household expenditure to the average household income, and can be computed using data from the Household Expenditure Survey published by the Singapore Department of Statistics. MPC can be assumed to equal APC if a linear consumption-income curve intercepts at the origin (i.e. autonomous consumption is assumed to be zero). For our analysis, we adopt this simplifying assumption and used APC as a proxy for MPC.

**ANNEX B**

## COVID-19 Support Schemes for Jobs, Self-Employed, Businesses and Special Sectors

*Budget breakdown, expected utilisation and outreach of key COVID-19 measures*

| S/N | Measures | FY2020 Budgets# ($b) | Expected Utilisation (as at 16 February 2021)# ($b) | Beneficiaries |
|---|---|---|---|---|
| **Support for Jobs and Wages** | | | | |
| 1 | Jobs Support Scheme (JSS) | 26.9 | 26.9 | - More than 150,000 firms employing more than 2 million local workers benefitted from the JSS |
| 2 | Enhanced Wage Credit Scheme (WCS) | 1.1 | 0.9 | - More than 95,000 employers benefitted from enhanced WCS |
| 3 | SGUnited Jobs and Skills package (SGU JS) (inclusive of the Jobs Growth Incentive (JGI)) | 1.0 | 1.0 | - Nearly 85,000 applicants have been placed in jobs and skills opportunities (i.e. jobs, traineeships, training) under SGU JS (May 2020 to Jan 202)<br>- JGI benefitted more than 110,000 new hires in its first two months of implementation (Sep – Oct 2020) based on preliminary estimates. |
| **Support for Business Costs** | | | | |
| 4 | Foreign Worker Levy Rebate | 2.3 | 2.3 | - More than 62,000 firms (including 15,000 firms in the Construction, Marine Shipyard and Process sectors) |
| 5 | Property Tax Rebate | 1.8 | 1.8 | - Property tax rebates were provided to around 136,000 property owners, who had to pass on the benefit of the rebate to their tenants (if applicable). |
| 7 | Rental Relief | 1.8 | 1.0 | - More than 115,000 property owners received notice of cash grant disbursement, who had to provide the appropriate rental waiver to eligible tenants. |
| 8 | Government Rental Waiver | 0.7 | 0.7 | - More than 40,000 tenants located in Government-owned/managed premises. |

| S/N | Measures | FY2020 Budgets# ($b) | Expected Utilisation (as at 16 February 2021)# ($b) | Beneficiaries |
|---|---|---|---|---|
| **Sector-Specific Support** | | | | |
| 9 | Sector-Specific Support (e.g. Aviation, Land Transport, Construction) | 3.2 | 2.7 | - Provided targeted support to stakeholders in different sectors.<br>- Key sector-specific schemes have benefitted close to 600 aviation companies and more than 50,000 drivers in the land transport sector. |
| **Others** | | | | |
| 10 | Others (e.g. financing schemes, deferment of income tax payments) | 34.7 | 13.0 | - Under-utilisation is mainly due to un-utilised loan capital as MAS provided low-interest capital to participating financial institutions for ESG loans. |
| | **Total** | **73.5** | **50.5** | |

*# FY2020 Budgets refer to the allocated budget for each scheme's spending in FY2020. Expected utilisation refers to revised FY2020 budget for each scheme as at 16 February 2021.*

**ANNEX C**

**COVID-19 Support Schemes for Individuals and Households**

*Budget breakdown, expected utilisation and outreach of key COVID-19 measures*

| S/N | Measures | FY2020 Budgets ($b) | Expected Utilisation (as at 16 February 2021) ($b) | Beneficiaries |
|---|---|---|---|---|
| 1 | Care and Support Package (CSP)* and Solidarity Payment (SP) | 5.8 | 5.8 | 2.8m Singaporeans<br>Over 120,000 Permanent Residents (PRs) and Long-Term Visit Pass-Plus (LTVP+) holders |
| 2 | Solidarity Utilities Credit (SUC) | 0.1 | 0.1 | 1.2m Singaporean households |
| 3 | COVID-19 Support Grant (CSG)^ | 0.8 | 0.2 | Over 98,000 employees |
| 4 | Temporary Relief Fund (TRF) | 0.2 | 0.2 | About 450,000 workers |
| 5 | Self-Employed Person Income Relief Scheme (SIRS) | 2.0 | 2.0 | Over 200,000 SEPs |

*# FY2020 Budgets refer to the allocated budget for each scheme's spending in FY2020. Expected utilisation refers to revised FY2020 budget for each scheme as at 16 February 2021.*

**Components of the CSP are Care and Support – Cash, additional cash for parents, PAssion card top-up (in cash), Workfare Special Payment, GST Voucher – U-Save Special Payment and additional U-Save for larger households, Grocery Vouchers, Top-up to Self-Help Groups, Grant to CDCs.*

*^ The low budget utilisation rate is due to lower-than-projected number of job and income losses, in part due to the comprehensive suite of employment-support schemes (e.g. JGI, SGUJS, extension of JSS) that has helped cushion the economic impact of COVID-19. A portion of the un-utilised budget has been re-allocated to fund the COVID-19 Recovery Grant.*

## APPENDIX

**MINUTES OF PROCEEDINGS**

**1st Meeting**

Monday, 16 November 2020

10.30 am

PRESENT

Mr Ang Wei Neng *(in the Chair)*
Mr Lim Biow Chuan
Assoc Prof Jamus Jerome Lim
Ms Rachel Ong
Mr Sitoh Yih Pin
Mr Vikram Nair
Mr Yip Hon Weng
Mr Zhulkarnain Abdul Rahim

1. The Committee deliberated.

2. The following officials briefed the Committee on the Fiscal Framework of the Government:

   Ministry of Finance
   (a) Mrs Tan Ching Yee, Permanent Secretary (Finance)
   (b) Mr Yee Ping Yi, Deputy Secretary (Policy)
   (c) Mr Ow Fook Chuen, Accountant-General
   (d) Mr Peter Lim, Director (Fiscal Policy)
   (e) Mr Lim Zhi Jian, Director (Reserves & Investment)
   (f) Mr Wang Shida, Head (Fiscal Policy

3. The Committee further deliberated.

Adjourned to a date to be fixed.

**2nd Meeting**

Thursday, 7 January 2021

10.00 am

PRESENT

Mr Ang Wei Neng *(in the Chair)*
Mr Lim Biow Chuan
Assoc Prof Jamus Jerome Lim
Ms Rachel Ong
Mr Vikram Nair
Mr Yip Hon Weng
Mr Zhulkarnain Abdul Rahim

ABSENT

Mr Sitoh Yih Pin

1. The Committee deliberated.

Adjourned to a date to be fixed.

**3rd Meeting**

Thursday, 8 April 2021

10.00 am

PRESENT

Mr Ang Wei Neng *(in the Chair)*
Mr Lim Biow Chuan
Assoc Prof Jamus Jerome Lim
Ms Rachel Ong
Mr Vikram Nair
Mr Yip Hon Weng
Mr Zhulkarnain Abdul Rahim

ABSENT

Mr Sitoh Yih Pin

1. The Committee considered a Memorandum submitted by the Ministry of Finance in respect of (a) COVID-19 Support Schemes for Jobs, Self-Employed, Businesses and Special Sectors; (b) COVID-19 Support Schemes for Individuals and Households; and (c) Measures Taken to Address Singapore's Challenging Fiscal Position.

2. The Committee deliberated.

Adjourned to a date to be fixed.

**4th Meeting**

Thursday 8 July 2021

10.00 am

PRESENT

Mr Ang Wei Neng *(in the Chair)*
Mr Lim Biow Chuan
Assoc Prof Jamus Jerome Lim
Ms Rachel Ong
Mr Sitoh Yih Pin
Mr Vikram Nair
Mr Yip Hon Weng
Mr Zhulkarnain Abdul Rahim

1. The Committee considered a further Memorandum submitted by the Ministry of Finance in respect of (a) COVID-19 Support Schemes for Jobs, Self-Employed, Businesses and Special Sectors; (b) COVID-19 Support Schemes for Individuals and Households; (c) Measures Taken to Address Singapore's Challenging Fiscal Position; (d) Singapore Green Plan 2030; and (e) Healthy Lifestyle for Singaporeans.

2. The Committee deliberated.

Adjourned to a date to be fixed.

**5th Meeting**

Thursday 19 August 2021

10.00 am

PRESENT

Mr Ang Wei Neng *(in the Chair)*
Mr Lim Biow Chuan
Ms Rachel Ong
Mr Sitoh Yih Pin
Mr Vikram Nair
Mr Yip Hon Weng
Mr Zhulkarnain Abdul Rahim

ABSENT

Assoc Prof Jamus Jerome Lim

1. The Committee deliberated.

**Report**

2. The Chairman's report brought up and read the first time.

3. Resolved, "That the Chairman's report be read a second time paragraph by paragraph.".

Paragraphs 1 to 18 inclusive read and agreed to.

Paragraphs 19 to 36 inclusive read and agreed to.

Paragraphs 37 to 48 inclusive read and agreed to.

Paragraphs 49 to 96 inclusive read and agreed to.

Paragraphs 97 to 106 inclusive read and agreed to.

Paragraphs 107 to 117 and Annexes A to C inclusive read and agreed to.

4. Resolved, "That this report be the report of the Committee to Parliament."

5. Agreed that the Chairman do present the Report to Parliament when copies are available for distribution to Members of Parliament.

*Adjourned sine die.*