

MINISTERIAL STATEMENT ON SUPPORT MEASURES FOR PHASE 2 (HEIGHTENED ALERT) (26 JULY 2021)

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Mr Deputy Speaker, Sir

A. INTRODUCTION

1. My fellow MTF Co-Chairs and I have just provided an update on the latest COVID-19 situation and explained why we had to go back to Phase 2 (Heightened Alert).

2. I recognise that businesses in the affected sectors have been working very hard to adapt to the changing regulations and are deeply disappointed by this turn of events. Last week, Minister Gan Kim Yong and I spoke with representatives from the Singapore Business Federation and several Trade Associations from the F&B and retail sectors. We have also received feedback from several business owners.

3. Many told us that their situation is more strained this time. It's not just about having to enter into another Heightened Alert. But it's the broader challenge of having to endure more than one and a half years' worth of restrictions, as well as continued disruptions to their business.

4. Despite this, they understood the need for the latest restrictions and have been appreciative of the support rendered. They have continued to show resilience and the resolve to ride out the storm. So I thank them for their understanding. Our economic agencies will continue to engage closely with businesses, workers, and unions to hear their concerns.

B. SUPPORT MEASURES FOR PHASE 2 (HEIGHTENED ALERT)

5. The additional support measures I announced last week have taken their feedback into account. Let me provide a summary:

Jobs Support Scheme

6. We will continue to help enterprises retain their local workers, by increasing and extending the Jobs Support Scheme (JSS) enhancements for affected sectors by four weeks until 18 August.

7. In response to the concerns and feedback of businesses, we are providing higher wage support this round to further mitigate the impact of protracted safe management restrictions and uncertainties.

- a. For sectors that are required to close or suspend most of their activities, we are providing 60% JSS support, up from 50% previously. This will benefit the F&B, sports, performing arts and arts education sectors.
- b. We also enhanced support to 40%, up from 30% previously, for sectors that are significantly affected by the restrictions.
 - i. These include footfall-dependent sectors like retail, museums, art galleries, historical sites, cinema operators, affected personal care services and family entertainment centres.
 - ii. The tourism sector will also receive 40% support as their revenues are likely to be impacted by the restrictions. This will benefit

attractions, hotels, cruise and regional ferry operators, MICE organisers and travel agents.

8. Subject to the eventual situation, the JSS support will be tapered to 10% for two weeks as businesses reopen, from 19 to 31 August.

Rental Relief

9. We will also help Small and Medium Enterprises and eligible non-profit organisations with cash flow by providing relief for rental costs. We will do this through:

- a. An additional four weeks of rental waiver for qualifying tenants of government-owned commercial properties; and
- b. An additional two weeks of rental relief cash payout for qualifying tenant-occupiers and owner-occupiers of privately-owned commercial properties under the Rental Support Scheme.

10. Many commercial tenants have asked the Government to intervene and mandate their landlords to extend rental relief.

11. The Government has set out the principles before. Our starting point is always the sanctity of contract – we do not lightly intervene. But we are prepared to intervene in specific situations, and in a carefully scoped manner.

- a. We decided to do so last year when we introduced emergency measures during the Circuit Breaker.

- b. In the last Heightened Alert, we did not require private landlords to extend rental relief. Instead we encouraged landlords to do their part to match the Government relief. However, many tenants, especially those in the affected F&B and retail sectors, have told us that not all their landlords were forthcoming in providing such rental support.
- c. This time, in light of the difficulties faced by many businesses, the Government intends to require landlords to provide a matching two-week rental support to their tenants.
- d. We recognise that not all landlords are in the same financial situation – some may have difficulty sharing the burden with their tenants. So for landlords which are genuinely facing hardship, we will put in place a process to take their circumstances into consideration.
- e. More details on this measure will be announced by the Ministry of Law in due course.

Support for Hawkers and Market Stallholders

12. To assist our hawkers impacted by the dine-in restrictions, we had earlier announced on 16 July an additional one month of rental waiver and subsidies for dishwashing and table-cleaning fees.

13. We recognise that our hawkers and market stallholders are affected disproportionately this time round, with many of them facing loss of earnings. Those operating in markets with active transmission have been required to close. Those who can operate have also been affected by reduced footfall due to public reservations about visiting markets and adjoining hawker centres.

14. This is why we have introduced a new Market and Hawker Centre Relief Fund, which provides a one-off cash assistance of \$500 per stallholder who operates in government hawker centres and markets.

15. To help our hawkers adapt to these disruptions, Enterprise Singapore will also reintroduce the Food Delivery Booster Package to help our hawkers defray the costs of using online food delivery platforms.

Extension of COVID-19 Driver Relief Fund

16. We will provide greater assistance to taxi and private hire car drivers under the COVID-19 Driver Relief Fund from 22 July to 30 September 2021, in view of the anticipated drop in ridership.

Extension of COVID-19 Recovery Grant – Temporary

17. We will also continue to help workers tide through this difficult period. In particular, to ensure continued assistance to individuals impacted by the Safe Management Measures, we have extended the COVID-19 Recovery Grant – Temporary scheme's income-loss coverage period from end-July to end-August.

18. Eligible workers who continue to be impacted can re-apply to receive a second payout.

C. FUNDING APPROACH

19. This latest round of support measures for the current Phase 2 (Heightened Alert) is expected to cost \$1.1 billion.

20. I had said previously that given the stronger position we are in today compared to last year, and the fact that most of the economy remains open, we should not be drawing on past reserves. This remains the case.

21. We will therefore fund the support package through budget reallocations, in keeping with our principles of fiscal responsibility and prudence.

22. Let me explain how the reallocation will be done for this additional \$1.1 billion worth of measures:

a. First, we have worked with agencies to identify \$0.9 billion of one-off underutilisation in operating and development expenditures. These are due to delays brought about by COVID-19, so they are one-off in nature. They include:

- i. Postponement and cancellation of activities in schools due to COVID-19; and
- ii. Construction project delays. Of course, these delayed expenditures will still need to be incurred in the future, once we recover from COVID-19.

b. Second, as part of the Supplementary Estimates I had presented in early July, we had provided a buffer of \$0.2 billion in anticipation that this might

be needed for modest enhancements or extension of the support measures.

We are now making use of the buffer for this package.

23. The Supplementary Supply Bill which I am introducing today, will reflect this reallocation together with that announced in my previous statement. In all, we are providing more than \$2 billion worth of support to workers and businesses over the two periods of Heightened Alert from May.

24. Given that we are funding this support package via reallocation, we expect the overall fiscal position for FY2021 to remain unchanged with an overall deficit of \$11.0 billion or 2.2% of GDP. (See Annex C-1.)

D. ECONOMIC OUTLOOK

25. We do not expect this latest period of Heightened Alert to derail our economic recovery. The domestic consumer-facing sectors like retail and F&B will continue to face challenges during this period. But as we continue with our re-opening plans, demand should pick up. 70% of our economic activities are in outward-oriented sectors. So we should remain on track to achieve GDP growth of 4% to 6% this year, so long as external demand remains healthy.

26. The bigger uncertainty to our recovery therefore is the impact that the Delta variant may have on the major economies in Europe and the US, and on external demand.

27. On the whole, most economists are still projecting a robust global economic recovery this year. But there are growing fears that as countries open up and the Delta variant spreads, the resurgence in cases could lead to higher hospitalisations and fatalities, especially amongst unvaccinated persons. This in turn could force a return to lockdowns, and impinge on global economic growth.

28. We will continue to monitor global developments, paying attention to any de-railers which can affect us.

E. CONCLUSION

29. To conclude, we must continue to stay agile and nimble, and keep on updating our COVID-19 and economic strategies based on the latest developments around us.

30. Ultimately, the best way to support our businesses and workers is to bring the infection under control, push up our vaccine coverage, and re-open our economy. All the things we talked about just now during the MTF statements. These continue to be our key priorities. We will continue to work hard across all fronts to help everyone tide through this Heightened Alert, and to emerge stronger together.