

TRANSFORM TO ADAPT AND GROW

The COVID-19 pandemic continues with unabated force globally. Singapore's economy is expected to further contract with the deepening recession – a 13.2% contraction year-on-year in Q2 2020, the worst quarterly performance on record. As several aid schemes introduced earlier are due to end, the Deputy Prime Minister and Minister for Finance, Mr Heng Swee Keat, announced on 17 August 2020 the fifth round of measures, to continue supporting businesses and local workers in the wake of the recession induced by COVID-19. The measures announced primarily provides targeted support to the worst hit sectors, namely Aerospace, Aviation and Tourism, and to fast track them to recovery post pandemic. At the same time, (additional or enhanced) measures have also been introduced to support other businesses in sectors that are doing relatively well amidst the crisis. We discuss the relevant measures below.

EXTENSION OF JOB SUPPORT SCHEME (“JSS”)



Currently, employers will receive tax-exempt cash grants between 25% and 75% (depending on the sector) of the first S\$4,600 of gross monthly wages paid to each local worker (Singapore Citizens and Permanent Residents – this includes Shareholders and Directors effective April 2020), covering wages from October to December 2019 and February to August 2020.

With the JSS due to expire in August 2020, it will be extended by another seven months, covering wages from September 2020 to March 2021. There will be 2 payouts for the extended JSS, in March 2021 and June 2021.

To allow the JSS to continue at a more sustainable level and with a more targeted approach, the level of support has been revised downwards as follows:

Month of Payout	Payout based on wages paid in	Sectors			
		Aero-space, Aviation and Tourism ¹	Built Environment	Arts & Entertainment, Food Services, Land Transport, Marine & Offshore Retail	All Others
March 2021	September to December 2020	50%	50% up to October 2020, 30% from November 2020	30%	10%
June 2021	January to March 2021	50%	30%	30%	10% / 0% ²

¹ applicable to employers that are not allowed to resume on-site operations.

² 0% for businesses which are managing well by December 2020, for example biomedical sciences, financial services and ICT sectors.

FURTHER SUPPORT FOR AEROSPACE, AVIATION AND TOURISM SECTORS



Other than the extension of JSS mentioned earlier, the Government will also implement the following to the much affected sectors in Aerospace, Aviation and Tourism:

1. Extension of Support to the Aviation Sector

The Enhanced Aviation Support Package will be extended up to March 2021. Details of the cost relief measures are as follows:

Category	Cost relief measures
For Airlines	<ul style="list-style-type: none"> • 10% landing charge rebate for all scheduled passenger flights landing in Singapore; • 50% rebate on rental paid for airlines' lounges and offices within Changi Airport and Seletar Airport terminal buildings; and • 100% rebate on aircraft parking charges at Changi Airport and Seletar Airport.
For Ground Handlers	<ul style="list-style-type: none"> • 50% rebate on rental paid for ground handling businesses such as lounges and offices within Changi Airport and Seletar Airport terminal buildings.
For Cargo Sector	<ul style="list-style-type: none"> • 10% landing charge rebate for all scheduled freighter flights landing in Singapore; and • 20% rebate on rental paid by cargo agents tenanted in the Changi Airfreight Centre (CAC).

2. Redeployment of workers in the Aviation Sector

For workers in the Aviation Sector who are not able to work currently, the Government will create at least 4,000 new jobs, including permanent roles, in the Healthcare Sector and other sectors in need where their skills are transferable. This is on top of the 500 aircrew already redeployed to hospitals as Care Ambassadors.

FURTHER SUPPORT FOR AEROSPACE, AVIATION AND TOURISM SECTORS (CONT.)



3. Support to boost the Tourism Sector

“SingapoRediscoverers” Vouchers carrying tourism credits will be given to locals (Singaporeans) to spur local tourism. More details about the “SingapoRediscoverers” Vouchers will be released by the Ministry of Trade and Industry in September 2020.

FAIR RETRENCHMENT FRAMEWORK (“FRF”)



The Government would strongly encourage employers to form a long-term vision of their manpower needs. Retrenchment should be, and always be the last resort after all other options have been explored.

The National Trade Union Congress (“NTUC”) had proposed a FRF to help businesses implement retrenchment exercises in a responsible and sensitive manner in the event that retrenchment is inevitable.

The FRF sets out three guiding principles:

1. Protecting the Singaporean Core

The selection of workers for retrenchment should be conducted fairly, taking into account the business’ needs and put in place objective selection criteria which can include the ability, experience, skills and occupational qualification of workers.

Employers may consider keeping foreign workers who have special/ critical skills required for the continuity of the business and to ensure that these skills are transferred to local workers in the longer term. Additionally, older workers should be evaluated on an equal basis to their younger counterparts as they may possess a greater level of skill set, experience, knowledge, maturity and reliability.

2. Preserving jobs

Employers should work with unions and workers to find ways to preserve as many jobs as possible. Before undertaking retrenchment as a last resort, measures such as the following may be implemented (list below is not exhaustive):

- Collective pay reductions;
- Providing secondment opportunities;
- Placing workers on no-pay leave or furlough;
- Allowing workers to switch to part-time contracts;
- Considering job-share arrangements for workers; and
- Tapping on Government assistance schemes to mitigate manpower costs.

3. Providing job support

If retrenchments are inevitable, employers are urged to provide fair retrenchment packages and processes, to ensure that the workers who have contributed to their growth and performance in the past are treated fairly, with much respect and dignity. Employers can also join the NTUC Job Security Council (“NTUC JSC”) which will assist the retrenched workers in seeking new employment and training to prepare them for new jobs/ career path.

LAUNCH OF JOBS GROWTH INCENTIVE (“JGI”)



A S\$1 billion program, the JGI, is introduced to create new jobs for workers, especially for mature workers (aged 40 and above) in certain sectors that are growing and transforming amidst COVID-19. Some of these sectors include biomedical sciences, financial services, public healthcare and long-term care, food and beverage and manufacturing.

To support the growth of businesses in such sectors with the hiring of local employees (Singapore Citizens and Permanent Residents) headcount over the next 6 months, the Government will co-pay up to 25% of salaries of all new local hires for 1 year, subject to a cap and for those local hires aged 40 and above, the co-payment will be up to 50%.

Details will be released by the Ministry of Manpower by end-August 2020.

ENHANCEMENT OF STARTUP SG FOUNDER (“SSGF”) PROGRAMME



Introduced in mid-2017 and enhanced over the years, SSGF provides mentorship and startup capital grant of S\$30,000 to first-time entrepreneurs with innovative business ideas, subject to the startup raising S\$10,000 as co-matching funds.

To continue efforts to spur innovation and entrepreneurship amidst COVID-19, this budget will set aside up to S\$150 million to enhance the SSGF programme in phases.

Details will be released by the Ministry of Trade and Industry by end-August 2020.

CONCLUSION

The latest range of measures introduced by the Government will cost S\$8 billion from the reallocation of funds from other areas, such as development expenditures that were delayed due to COVID-19. Although Singapore faced the worst quarterly performance on record, it appears that the Government remains optimistic that the Singapore economic outlook could potentially pickup soon, as businesses have scaled up gradually and reopened for economic activities.

On their part, businesses should learn to adapt to the rapidly changing landscape that COVID-19 has introduced, and local workers need to be equipped with the appropriate skill sets and mindset to overcome uncertainties. This will aid Singapore to move ahead faster in the post COVID-19 world.

FURTHER ADVICE

If you need help to understand how the various measures introduced can help you, please reach out to us for further discussions. We would also be pleased to assist in any restructuring that will help in you and your business to alleviate the financial difficulties faced during and post COVID-19.

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