

APPENDIX II

Key Budget FY2009 Initiatives

**Presented to Parliament by Finance Minister
Tharman Shanmugaratnam on 22 January 2009**

Keeping Jobs, Building for the Future

Benefits for Businesses

Jobs for Singaporeans

(A) Jobs credit

To sustain jobs for Singaporeans, the Government will introduce a Jobs Credit, which will encourage businesses to preserve jobs in the downturn. This is a temporary scheme to help companies through an exceptional downturn. Details of the scheme are as follows:

- Employers will receive a 12 per cent cash grant on the first SG\$2,500 of each month's wages for each employee on their CPF payroll.
- The Jobs Credit is for one year, and employers will receive the Jobs Credit in four payments: March, June, September and December 2009.
- For each payment, employers will receive Jobs Credits on the employees that are on their CPF

payrolls at the start of the quarter in which the payment is made. The wages paid to these employees in the previous quarter will be the qualifying wages used to calculate the 12 per cent cash credit that employers will receive.

- For example, for the first payment to be received at the end of March 2009, businesses will receive Jobs Credit on the employees that are on their payrolls in January 2009. The wages paid to these employees in October to December 2008 will be the qualifying wages used to calculate the 12 per cent cash credit that employers will receive.

(B) Spur for workers and professionals

To help Singaporeans upgrade their skills so that they can stay employed or seek re-employment, the Government launched the Skills Programme for Upgrading and Resilience (SPUR), which provided higher course fee support for companies and individuals and absentee payrolls for companies that send their workers for training.

The Government will make the following enhancements to SPUR to help PMETs re-train:

- Course fee subsidies for PMET-level courses that are eligible for SPUR will be increased from 80 per cent to 90 per cent, the same subsidy level as rank-and-file level courses. This includes all Specialist and Advanced Diplomas offered by the polytechnics.

- Selected tertiary courses at UniSIM and the three publicly funded universities will be included under SPUR.

(C) Workfare Income Supplement (WIS) special payment

The Government will give low-income workers a temporary WIS Special Payment to supplement their pay and encourage them to stay employed. The WIS Special Payment will provide low-income workers with an additional 50 per cent of the WIS payments that they will receive over the course of this year.

The Government will also relax the work eligibility criteria of the WIS Special Payment, in order to enable more low-wage workers, particularly those with less regular employment, to benefit.

(D) Government hiring

The Government will be expanding recruitment. In total, 18,000 public sector jobs (including Government-supported jobs outside of the Government in areas such as childcare, tertiary education, and restructured hospitals) are expected to be available over the next two years. This includes about:

- 7,500 jobs in teaching positions and teaching support staff;
- 4,500 healthcare professionals and hospital administrative staff;

- 1,400 jobs for the Home Team;
- 2,000 jobs for MINDEF (including the SAF);
and
- 2,600 for the rest of the Public Service.

Stimulating Bank Lending

(A) Special Risk-Sharing Initiative (SRI)

The Government will launch the Special Risk-Sharing Initiative (SRI) to ensure that viable companies continue to have access to credit to sustain their operations and keep jobs. The SRI will help extend Government support to a broader segment of the credit market, especially mid-sized companies, and share in the risks of trade financing for the first time.

The SRI has the following two components:

1. The New Bridging Loan Programme (BLP)
2. Trade Finance Schemes
 - a. Loan Insurance Scheme — Plus (LIS+)
 - b. Trade Credit Insurance Programme (TCIP)

The programmes under the SRI will be in operation for one year, but with possible extension for another year if the situation warrants.

(1) The New Bridging Loan Programme (BLP)

Commencing on 1 February 2009, the new Bridging Loan Programme (BLP) focuses on the needs of all companies, and especially the mid-sized companies, by improving their access to working capital.

Details of the BLP are as follows:

| <i>Structure</i> | <i>Details</i> |
|----------------------|--|
| Use of Funds | Working capital, including unsecured credit |
| Interest Rate | Minimum of 5 per cent The Participating Financing Institutions (PFIs) have the flexibility to charge interest rates above 5 per cent, and interest spreads above 5 per cent accrue fully to the PFIs ¹ |
| Maximum Loan Quantum | SG\$5 million per borrower group |
| Eligible Companies | All locally-owned companies, and foreign-owned SMEs ² |
| Risk Share | Government: 80 per cent Participating Financial Institution (PFI): 20 per cent |

¹ Previously, 50 per cent of the interest rate spreads above 5 per cent accrued to the Government in exchange for taking on 50 per cent of the risk

² A foreign-owned SME is defined as a company with less than 30 per cent local shareholding, which also: (a) has maximum SG\$15million Fixed Asset Investments (FAI); (b) is incorporated in Singapore; (c) is tax resident of Singapore; and (d) has at least one individual shareholder directly holding at least 10 per cent of total number of issued ordinary shares.

(2) Trade Finance Schemes

To address constraints of limited private insurance capacity and a reduced risk appetite, the Government will take on a significant proportion of the risks in trade financing.

Companies with orders need loans to fulfill their orders as well as insurance against the risk of their buyers defaulting on payments. The new trade finance schemes

will help mid-sized and large exporters obtain loans and trade insurance on the scale they need.

Under SRI, there are two schemes, which address the trade finance component:

- a. Loan Insurance Scheme — Plus (LIS+)
- b. Trade Credit Insurance Programme (TCIP)

(a) *New Loan Insurance Scheme — Plus (LIS+)*

- LIS+ helps Singapore-based companies to secure working capital and trade financing facilities by providing private insurance to banks against default by borrowers.
- Commencing on 1 February 2009, details of the Scheme are as follows:

| <i>Structure</i> | <i>Details</i> |
|-----------------------------------|---|
| Use of Funds | Secured working capital (e.g. against receivables) |
| Maximum Loan Quantum | SG\$15 million per borrower group |
| Eligible Companies | All companies (at least 30 per cent local shareholding) |
| Risk Share (for qualifying loans) | Government: 75 per cent PFI: 25 per cent |

(b) *New Trade Credit Insurance Programme (TCIP)*

- To protect Singapore-based companies against non-payment by buyers, a new Trade Credit Insurance

Programme (TCIP) will be launched in March 2009.

- The Government is examining ways to increase the insurance coverage capacity. Also, to ameliorate the rising insurance premium costs, the government will be subsidising part of the insurance premiums.
- More details will be announced in MTI's COS

(B) Enhancements to existing credit measures

The Government will enhance existing loan schemes. These enhancements will [be] in effect for one year, starting 1 February 2009.

(B1) Local Enterprise Finance Scheme (LEFS)

For loans made under LEFS, the Government will increase its risk-share for loans made to local non-SMEs, from 50 per cent to 80 per cent. This will be similar to the Government risk-share for LEFS loans made to SMEs.

(B2) Micro Loan Programme (MLP)

For loans made under the MLP, the Government will increase its risk-share, from 80 per cent to 90 per cent.

(B3) Internationalisation Finance Scheme

The Government will increase the maximum loan quantum per borrower group, from SG\$15 million to SG\$50 million.

(C) Other credit-related measures

(C1) Extension of Tax Deduction on Loan Loss Provisions for Banks

To encourage banks to continue making adequate loan impairment provisions and bolster their financial strength to underpin continued lending in the downturn, the Government will extend the tax deduction on loss provisions made pursuant to MAS Notice 612, as well as other equivalent MAS notices for finance companies and merchant banks, for a further three Years of Assessment.

Enhancing Business Cashflow and Competitiveness

(A) Easing business cash-flow

(A1) Property Tax Rebate for Industrial and Commercial Properties

The Government will provide a 40 per cent property tax rebate for industrial and commercial properties for 2009. The Government strongly urges landlords to pass on the benefits of this rebate to their tenants.

(A2) Rental Rebates by JTC, HDB, and SLA

JTC, HDB, and SLA will provide a 15 per cent rental rebate to their tenants and land lessees, exceeding the savings due to the property tax rebate. JTC, HDB, and SLA will be releasing the details of these concessions separately on 22 January 2009. The rental rebate will also be extended to

stallholders who are paying market rents in markets and food centres managed by NEA.

(A3) Enhancements to Loss Carry-Back Scheme

To help businesses with their cash-flow, the loss *carry-back* relief system will be enhanced for Years of Assessment 2009 and 2010. The cap on losses that can be claimed against past taxable income is increased to SG\$200,000 from SG\$100,000. Businesses will also be allowed to claim losses against the taxable income of their preceding three Years of Assessment, instead of just the immediate preceding year as under the current scheme. IRAS will allow claims for the tax refund to be based on a declaration of estimated losses. This will allow businesses to obtain their cash refunds on taxes paid in previous years instead of having to wait for the finalisation of their chargeable income and taxes.

(A4) Tax exemption on Remittance of Foreign-Sourced Income

To enable businesses to make best use of all their sources of funds to meet their financing needs in Singapore during this time of credit tightness, the Government will temporarily expand the scope of the Foreign-Sourced Income Exemption scheme to cover all foreign-sourced income, and not just foreign-sourced dividends, branch profits and service income. The Government will also temporarily lift the conditions that are currently required for foreign-sourced income to be exempted from tax when remitted to Singapore. With these temporary enhancements,

businesses will be exempt from tax on the foreign-sourced income that they remit between 22 Jan 2009 to 21 January 2010 (both dates inclusive), provided that the remitted income is earned on or before 21 January 2009.

(A5) Transport Rebates and Concessions

The Government will grant the following rebates and concessions on transport-related taxes and fees:

- A 30 per cent road tax rebate for goods vehicles, buses and taxis for one year. This rebate will take effect on 1 July 2009.
- A 20 per cent concession in port dues to be granted to all harbour craft (except pleasure craft for personal use) which will help local companies engaged in commercial activities within Singapore's port waters. This concession will be for one year and will take effect on 1 April 2009.
- An increase in aircraft landing fee rebate from 15 per cent to 25 per cent for 2009.
- Extension of the special tax exemption for Compressed Natural Gas (CNG) vehicles until December 2011. From 2012 onwards, the CNG special tax will be removed and replaced with a CNG duty of SG\$0.20 per kilogramme of CNG.

(A6) Further Extension of the Government Fee Freeze

The Government will extend the freeze on Government Fees and Charges to December 2009. This will include fees charged on all Government provided services, charges in

public carparks, and all license fees. (Regulatory charges, such as those in the transport sector and the development charges applied in the property market, will not be frozen. The Government fee freeze is not applied to fees charged by non-government entities, such as the universities, restructured hospitals and town councils.)

(A7) Measures for Property Developers

Many developers are planning to hold back developments that they had originally planned. To support developers in doing so, the Government will introduce the following measures:

- Defer property tax for commercial developers for land approved for development for up to two years. Land approved for development refers to land with a valid Provisional or Written Permission granted by the URA. The property tax deferral will take effect from 22 January 2009 or the date of Provisional or Written Permission, whichever is later. The deferral will lapse on 21 January 2011, or at Temporary Occupation Permit (TOP), or date of transfer of the land, whichever is the earliest.
- Allow a one-year extension of the project completion period for private residential projects. This would give flexibility to developers to phase out their projects in the current uncertain market conditions.
- Allow re-assignment of Government sale sites and private land owned by foreign housing developers for applications made by 22 January 2010.

- Extend the period for developers to dispose of all residential units from two years to four years. Developers may also rent out unsold residential units for a maximum of four years to mitigate holding costs.

(A8) Deferment of Increase in Assessment Rate for Hotels

The Government will defer the increase in assessment rate for hotel rooms, which was due to increase to 25 per cent on 1 January 2009, by one year. Hence, the assessment rate for hotel rooms will remain at 20 per cent for 2009.

(B) Reducing taxes to encourage investments

(B1) Corporate Income Tax (CIT) Rate Cut

To promote Singapore's competitiveness, the Government will reduce the CIT rate from 18 per cent to 17 per cent. This reduction will take effect from the Year of Assessment 2010.

(B2) Accelerated Capital Allowance (CA)

Currently, businesses can generally write down the costs incurred for the acquisition of plants and machinery on a three-year straight line basis. To support businesses intending to invest in preparation for the recovery, the Government will allow plant and machinery acquired during the financial years ended 2009 and 2010 to qualify

for an accelerated write-down. This temporarily accelerated write-down will allow businesses to write down the costs of these newly acquired plants and machinery within two years with 75 per cent of the write-down taking place in the first year of CA claim alone.

(B3) Writing Down of Renovation and Refurbishment Expenses

To encourage especially small businesses in the service sector to refit their business premises this year and the next, the Government will allow businesses to temporarily write-down qualifying expenses incurred on renovation and refurbishment of business premises fully within one year, instead of the current three years. This concession will apply to qualifying renovation and refurbishment expenses incurred during the financial years ended 2009 and 2010. The current cap on the amount of qualifying renovation and refurbishment expenses that can be written down will remain at SG\$150,000 every three years per business entity.

(B4) New Tax Framework for Corporate Amalgamations

In a corporate amalgamation, the amalgamated company takes over all assets and liabilities of the amalgamating companies, and the amalgamating companies cease to exist. Under the existing tax treatment, when assets and liabilities are transferred upon amalgamation, tax consequences are often triggered as the amalgamating companies are treated as having ceased business and disposed of their assets

and liabilities, and the amalgamated company having acquired or commenced a new business. So, for instance, plant and machinery are treated to have been sold by the amalgamating companies to the amalgamated company.

To make it easier for companies to restructure and rationalise, the Government will introduce a tax framework for qualifying corporate amalgamations. This framework will alleviate the tax cost associated with corporate amalgamations. A public consultation will be held in February 2009 to seek views on this new tax framework for qualifying corporate amalgamations.

(C) Sector specific taxes and duties

For financial sector activities

(C1) Enhancements to and Streamlining of Fund Management Incentives

Currently, under the fund management incentives, there are conditions such as the fund cannot be 100 per cent beneficially owned by resident investors and there are limits placed on the holdings by resident corporate investors in these funds. The Government will now remove all these limits on qualifying funds so that they can accept investments freely from resident corporates, in addition to resident individuals. This will allow our resident corporates to enjoy the full benefits of tax exemption on qualifying income derived by the funds, thus encouraging resident corporates to have more of their monies managed by funds in Singapore.

This enhancement of the fund management incentives will also apply to qualifying funds that are constituted in the form of Limited Partnerships. A qualifying fund is one which, amongst other conditions, has at least SG\$50 million under management at the point of application for the tax incentive. Fund managers may apply for the scheme with effect from 1 April 2009. Both the existing and enhanced fund management incentives will also be subject to review after five years. MAS will release the details by April 2009.

(C2) Recovery of GST for Qualifying Local Funds

To promote fund administration and fund management in Singapore, the Government will allow qualifying funds that are managed by a prescribed fund manager in Singapore to recover a substantial portion of the GST incurred on prescribed expenses. This change will be in place from 22 January 2009 to 31 March 2014 (both dates inclusive). MAS will release the details by April 2009.

(C3) Expansion of Scope of Tax Exemption under Fund Management and Trust Incentives

The Government will enhance the lists of specified income and designated investments under the fund management and trusts incentives, thus expanding the scope of tax exemption. For instance, amount payable on qualifying Islamic debt securities will be included in the list of specified income. The enhancements will take effect from 22 January 2009. MAS will release the details by April 2009.

**(C4) Enhancements to Financial Sector Incentive
– Headquarter Services (FSI-HQ) Scheme**

To promote Singapore as the choice location for headquarter functions of financial institutions, the Government will enhance the FSI-HQ scheme by granting withholding tax exemption on interest payable on qualifying loans taken by an FSI-HQ company. The Government will also subsume the current tax incentive scheme for provision of these processing services under the FSI-HQ scheme, thus allowing FSI-HQs to enjoy incentivised income from their provision of high value-added processing services. These enhancements will be effective from 22 January 2009 to 31 December 2013 (both dates inclusive). MAS will release the details by April 2009.

**(C5) Extension and Enhancement of Commodity
Derivatives Traders (CDT) scheme**

To encourage the growth of derivative trading activities in Singapore, the Government will extend the CDT scheme (which is due to expire on 26 February 2009) and subsume it under a new Derivatives Market (Commodity Derivatives Trader) award under the Financial Sector Incentive scheme. The Government will also lift existing counterparty restrictions for trades carried out on exchanges under this scheme. These changes will be effective from 27 February 2009 to 31 December 2013 (both dates inclusive). MAS will release the details by April 2009.

For Maintenance, Repair and Overhaul (MRO) activities

(C6) Zero-Rating for the Aerospace Industry

To support the growth of the Maintenance, Repair and Overhaul (MRO) industry in Singapore, the Government will expand the scope of qualifying aircraft to include all aircraft, including private aircraft, which is wholly used or intended to be wholly used for international transportation of goods and passengers. This is in line with the zero-rating of international transportation.

To ease GST compliance costs for the MRO industry, zero-rating is also extended to cover the sale, maintenance or repair services of aircraft components or systems, as long as they form part of a qualifying aircraft. A new scheme will be introduced to facilitate the import of aircraft components or systems for qualifying aircraft without GST.

These changes will take effect from 1 April 2009. IRAS will release the details by March 2009.

For auction, exhibition and specialised storage activities

(C7) Suspension of GST and Duty on Goods Temporarily Removed from Zero-GST or Licensed Warehouses

To encourage the growth of the auction and exhibition industry, as well as specialised storage facilities, the Government will, with effect from 1 April 2009, suspend

GST and duty on goods (including wine) that are temporarily removed from a zero-GST or Licensed warehouse for auctions or exhibitions, even if the goods are sold during the auction or exhibition, provided that the goods are returned to the warehouses subsequently. Singapore Customs will release the details by March 2009.

For wine trading activities

(C8) Exemption of Duty to Facilitate Wine Trading Activities

To promote wine trading activities and help develop the wine industry in Singapore, the Government will exempt duty and provide GST relief for a specified quantity of wine for use at approved wine exhibitions and conference events with effect from 1 April 2009. Singapore Customs will release the details by March 2009.

For maritime activities

(C9) Withholding Tax Exemption for Maritime Industry

To give support to the maritime industry, the Government will extend the withholding tax exemption on interest payable on qualifying loans taken by shipping enterprises to acquire vessels which are registered with the Singapore Registry of Ships under the Block Transfer Scheme, subject to conditions. This extension will be for a further period of five years with effect from 1 January 2009.

(D) Making innovation pervasive

(D1) Accelerated Writing-Down Allowance (WDA) for acquisition of Intellectual Property (IP) rights for Media and Digital Entertainment (MDE) content

To encourage media and digital entertainment (MDE) businesses to create and exploit their intellectual property from Singapore, the Government will enhance the current WDA incentive to allow MDE businesses to write down the costs of their qualifying IP rights for MDE content in two years, instead of five years. This accelerated write-down will apply for qualifying IP for MDE content acquired between 22 January 2009 and 31 October 2013 (both dates inclusive).

(D2) Test-Bedding Fund

To further encourage creation and test-bedding of new ideas, the Government will put SG\$200 million in a Test-Bedding Fund to make Singapore a “living lab” for companies and entrepreneurs to nurture new ideas, test innovative solutions and develop future global businesses. The fund will be managed by the Economic Development Board (EDB).

(D3) Government Taking the Lead in Innovation

In 2008, the Government set up the Core Innovation Fund to help private companies collaborate directly with government agencies to develop innovative solutions for public services. We will set aside SG\$180 million in the fund over the next two years. In addition, the Government will be more

proactive in seeking collaboration with the private sector, through the use of Calls-for-Collaboration (CFC). This will bring clusters of companies together to develop solutions for government agencies, businesses and the public.

Benefits for Households

Supporting Families

The Resilience Package will provide additional support for families and the community during this downturn. The key benefit that Singaporeans will derive from the package will come from the effort to preserve jobs through the Jobs initiatives — the Jobs Credit, the Workfare Income Supplement Scheme (WIS) Special Payment and Skills Programme for Upgrading and Resilience (SPUR). The Government will also complement the Jobs initiatives with the following:

- Direct assistance to households
- Targeted help for the most vulnerable groups
- Support for charitable giving and the community

(A) Direct assistance to households

(A1) Goods and Services Tax (GST) Credits and Senior Citizens' Bonus

To help households cope with their cash-flow problems arising from unemployment or reduced incomes, the Government will double the GST Credits and Senior Citizen's Bonus that citizens will receive in 2009.

This additional tranche will be paid on 1 March 2009 and will be on top of what citizens will receive in July 2009 as part of the 2007 GST Offset Package. About 2.4 million Singaporeans are eligible for the GST Credits including about 734,000 elderly Singaporeans who will also benefit from the Senior Citizen's Bonus.

The amount of GST Credits and Senior Citizens' Bonus citizens can receive in 2009 will like the previous year depend on:

- (i) The Annual Value (AV) of their residence in 2008;¹
- (ii) Their Assessable Income (AI) for Year of Assessment 2008; and
- (iii) Their age in the year of payout.

Payout Structure

| | AV | <i>< 6,000</i> | <i>\$6,001 to \$11,000</i> | <i>> \$11,000</i> |
|---------------------|----|--|--|--|
| AI | | | | |
| Up to \$24,000 | | $\$250 \times 2$ Aged 55–59: $\$400 \times 2$ Aged 60 and above: $\$500 \times 2$ | $\$200 \times 2$ Aged 55–59: $\$300 \times 2$ Aged 60 and above: $\$400 \times 2$ | $\$100 \times 2$ Aged 55–59: $\$150 \times 2$ Aged 60 and above: $\$200 \times 2$ |
| \$24,001–\$100,000 | | | | |
| More than \$100,000 | | | $\$100^*$ | |
| NSFs/NS men | | | $\$100^\#$ | |

* If an individual has already received a payout in previous years, he will not receive the \$100.

NSFs/NSmen will receive the \$100 only in the year that they first qualify.

(A2) Service and Conservancy Charges (S&CC) Rebates

The Government will provide an additional one month of S&CC Rebates to those living in a one-room to three-room HDB flats, who will therefore receive a total of three to 4.5 months for this year. Those in four-room HDB to Executive apartments will receive an additional half-month, or a total of one to two months of rebates. The additional S&CC rebate will be paid in April 2009.

Altogether, about 800,000 eligible HDB households will benefit from the rebates.

Payout Quantum (Number of Months)

| | <i>1-R</i> | <i>2-R</i> | <i>3-R</i> | <i>4-R</i> | <i>5-R</i> | <i>HDB Executive</i> |
|--------------------------------|------------|------------|------------|-------------|-------------|--------------------------|
| Mar 2009 | 1 | 0.5 | 0.5 | 0.5 | — | — |
| Apr 2009 | +1 | +1 | +1 | +0.5 | +0.5 | +0.5 |
| Jun 2009 | 1 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 |
| Sep 2009 | 1 | 0.5 | 0.5 | — | — | — |
| Dec 2009 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | — |
| Calendar Year Total | 4.5 | 3 | 3 | 2 | 1.5 | 1.0 |

(A3) Rental Rebates

The Government will provide an additional month of rental rebates in 2009, to eligible households in public rental flats. The additional rebate, to be paid in March and December 2009, will supplement the existing rental

rebates these low-income families are already receiving as part of the 2007 GST Offset Package.

In total, about 35,000 eligible households in public rental flats are expected to benefit from the rebates.

Payout Quantum (Number of Months)

| | <i>1-R</i> | <i>2-R</i> |
|----------------------------|------------|------------|
| Mar 2009 | 0.5+0.5 | 0.5+0.5 |
| Jun 2009 | 1 | 0.5 |
| Sep 2009 | 1 | 0.5 |
| Dec 2009 | 0.5+0.5 | 0.5+0.5 |
| Calendar Year Total | 4 | 3 |

(A4) Personal Income Tax Rebate

The Government will give a personal income tax rebate of 20 per cent (capped at SG\$2,000) for tax-residents for Year of Assessment 2009. This will provide an immediate reduction in the tax payable for these individuals for last year's income.

(A5) Installment Option for Personal Income Tax Payment

To help tide taxpayers over the current difficult economic situation, the Government is allowing individual tax-residents who have lost their jobs in 2008 or lose their jobs in 2009 to pay their personal income taxes for year of assessment 2009 in monthly instalments of up to 24 months, up from the current 12 months allowed. Affected

taxpayers can apply to IRAS for this extended instalment assistance.

(A6) Property Tax Rebate

The Government is providing a 40 per cent property tax rebate for owner-occupied residential properties for 2009.

(A7) Removal of Tax on Net Annual Value of Property

Currently, taxpayers are required to pay income tax on the Net Annual Value of their dwelling or secondary residences. However, an exemption of up to SG\$150,000 of Net Annual Value for one owner-occupied residential property is granted.

The Government will remove this income tax on Net Annual Value of residential property with effect from Year of Assessment 2010.

(A8) Increase in Additional CPF Housing Grant

The Government will enhance the Additional CPF Housing Grant (AHG) for first time home-buyers. The maximum AHG quantum will be increased from SG\$30,000 to SG\$40,000. At the same time, the household income ceiling will be increased from SG\$4,000 to SG\$5,000.

(A9) Other measures

On top of the 2009 measures, households will also benefit from the following measures, which were announced as part of the 2007 GST Offset Package.

Utilities-Save (U-Save) Rebates: Eligible households will receive U-Save rebates of SG\$70 to SG\$210 in 2009. This will benefit around 800,000 HDB households.

Payout Quantum

| | <i>1-R</i> | <i>2-R</i> | <i>3-R</i> | <i>4-R</i> | <i>5-R</i> | <i>HDB Executive</i> |
|----------------------------|------------|------------|------------|------------|------------|----------------------|
| Jan 2009 | SG\$110 | SG\$110 | SG\$100 | SG\$95 | SG\$60 | SG\$40 |
| Jul 2009 | SG\$100 | SG\$100 | SG\$90 | SG\$85 | SG\$50 | SG\$30 |
| Calendar Year Total | SG\$210 | SG\$210 | SG\$190 | SG\$180 | SG\$110 | SG\$70 |

Post-Secondary Education Account (PSEA) top-up: Young Singaporeans aged 7 to 20 will receive a top-up of \$100 to \$400 to their Post-Secondary Education Accounts (PSEA) in 2009. Those who are older and from less well-off families will get a higher top-up to their PSEA.

| <i>AV Age</i> | <i>Up to SG\$10,000</i> | <i>> SG\$10,000</i> |
|---------------|-------------------------|------------------------|
| 7 to 12 | SG\$200 | SG\$100 |
| 13 to 20 | SG\$400 | SG\$200 |

(B) Targeted Help for the Most Vulnerable Groups

(B1) Public Transport Fund (PTF) Top-up

The Government will top-up the Public Transport Fund to SG\$10 million to provide public transport vouchers for all low-income households who need help.

(B2) Financial Assistance Schemes for Education

To provide every encouragement to students whose families face financial difficulties during the economic downturn, the Ministry of Education (MOE) will enhance the financial assistance schemes for students in our schools, and introduce a Short-Term Study Assistance Scheme (SSAS) for students in our ITEs, polytechnics and autonomous universities.

(B3) Public Assistance Rate

The Government will increase the Public Assistance Rate for single-person households by SG\$30 per month to SG\$360

(B4) Singapore Allowance

For government pensioners, the Government has decided to increase the Singapore Allowance by SG\$20 per month to SG\$240.

(C) Support for charitable giving and the community

(C1) Citizens' Consultative Committees (CCCs) ComCare Fund and Self-Help Groups (SHGs)

To enhance support for low-income households, the Government is increasing funding to the CCC ComCare Fund to SG\$7 million a year, for the next two years. It will also increase funding to SHGs to SG\$9 million a year, for the next two years.

(C2) Increased Tax Deduction and Additional Grant for Government Funded Voluntary Welfare Organisations (VWOs)

To encourage greater charitable giving this year, the Government will increase the tax deduction for donations made in 2009 to Institutions of Public Character (IPCs) and other approved institutions from 200 per cent to 250 per cent.

To support government-funded voluntary welfare organisations (VWOs), the Government will provide an additional SG\$15 million in funding to them for one year (2009).

(C3) Extending business measures to VWOs

As VWOs also employ workers, the Government is extending the Jobs Credit provided to companies to all VWOs.

(C4) Extending Start-up Exemption to Companies Limited by Guarantee (CLGs)

To support the growth of Companies Limited by Guarantee set up by social entrepreneurs, the Government is extending the start-up tax exemption to Companies Limited by Guarantee. Under this exemption, qualifying start-ups can enjoy full tax exemption on their first \$100,000 of chargeable income and 50 per cent exemption for the next SG\$200,000, for their first three Years of Assessment. This extension will take effect from Year of Assessment 2010.

Other Initiatives

Building a Home for the Future

The Resilience Package provides a further boost to investments in making Singapore an extremely liveable global city and the best home for Singaporeans.

We are pushing ahead in four areas:

- Expanding and accelerating public sector infrastructural spending;
- Developing suburban nodes and rejuvenating our neighbourhoods;
- Pushing ahead on sustainable development;
- Spending more on our education and health infrastructure.

(A) Expanding and accelerating public sector infrastructure spending

The Government will increase public sector construction spending to between SG\$18 billion and SG\$20 billion in 2009. This is significantly higher than the SG\$15 billion contracted in 2008 and SG\$6 billion in 2007.

The increased spending arises from the planned ramp-up in infrastructure development, and bringing forward of SG\$1.3 billion of projects to 2009. The Government had previously deferred some of these projects to avoid exacerbating the over-heating construction sector and adding pressure to construction costs for the economy. Others are projects which had been due over the next two to three years that the Government has decided to bring

forward and comprise smaller infrastructure contracts worth up to SG\$50 million each, which can be taken up by our small and medium-sized contractors.

(B) Developing suburban nodes and rejuvenating neighbourhoods

To develop both a distinctive business hub in the centre of the city and new suburban hubs that will decentralise economic activity and create jobs nearer to home, the Government will be:

- Investing in new regional commercial nodes such as Jurong Lake District, the new Kallang Riverside and Paya Lebar Central;
- Rejuvenating our public housing neighbourhoods, including enlivening the public spaces within our estates and pushing ahead with ABC Waters Programme;
- Linking together all parts of the island through a comprehensive road network and developing viable mass transit alternatives by expanding our rail networks;
- Spending more on basic amenities such as our drainage and sewerage network.

(C) Pushing ahead on sustainable development

The Government has over the last year been developing our sustainable development blueprint for Singapore. MEWR and MND will be discussing our thinking and plans in further detail during the Committee of Supply (COS).

In total, the Government plans to spend SG\$1 billion over the next five years on sustainable development initiatives. The funds will support programmes such as energy efficiency for industry and households, green transport, clean energy and the greening of our living spaces.

(D) Spending more on education and healthcare

(D1) Enhancing School Education

To enhance education for our students, the Government will be upgrading the hardware and software of the education system, including:

- Providing better facilities for an all-round education in every school, and accelerating some projects like the roll-out of indoor sports halls;
- Enhancing both the size and quality of the teaching force; and
- Bringing in allied educators into our schools to collaborate with teachers in providing better attention for every child.

(D2) Expanding healthcare capacity

The Government is committing to a substantial expansion of the healthcare sector, including:

- Investing SG\$4 billion over the next five years in healthcare infrastructure which will include the redevelopment of older hospitals, medical centres and a new hospital in the west, as well as seeing through

existing projects like the Khoo Teck Puat Hospital in the north;

- Building new community hospitals and boosting capabilities in treating chronic diseases (e.g. stroke, heart and kidney failure) and other age-related conditions (e.g. dementia);
- Enhancing capabilities for long-term care (including rehabilitation, home care and palliative services after patients have been discharged from hospitals); and
- Developing an electronic health records system that will be accessible by authorised medical practitioners at hospitals and polyclinics, and eventually extending to the community care sector.

Notes

1. This applies to Singaporeans whose NRIC address has changed in 2008, and newly eligible Singaporeans. For Singaporeans whose NRIC address has not changed, the amount of benefits will depend on the Annual Value (AV) of their residence in 2007.