

What Budget 2015 may bring

Budget 2015 is expected to be one for the history books – Singapore is celebrating its 50th year of independence, an election is believed to be imminent, and the economy continues to grapple with restructuring pains and low productivity. Ahead of Monday's Budget Statement – which will be delivered in Parliament by Deputy Prime Minister and Finance Minister Tharman Shanmugaratnam – The Business Times sums up what Budget 2015 may bring.

The Budget Statement will be delivered at 3.30pm on Monday. A live webcast of Mr Tharman's speech will be available on www.singaporebudget.gov.sg. Follow BT's coverage online at btd.sg/budget_15 and at [@BTBreakingnews](https://twitter.com/BTBBreakingnews) on Twitter

SG50 goodies

- Expansionary Budget with something for all Singaporeans
- Handouts similar to Budget 2011's S\$3.2 billion Grow and Share package, and Budget 2006's S\$2.6 billion Progress Package
- Service & Conservancy Charges rebates, U-Save special payments
- Tax relief on home loans or medical insurance
- Top-ups to ElderCare Fund, Medifund, Comcare Fund

"(Even if we) cast aside the elections, it's SG50 – it's time to share with Singaporeans the successes of the country, and it's a good time to give something back to the people."

– DBS economist Irvin Seah

"Even assuming the government spends only half of its S\$10 billion savings accumulated, we estimate that special transfers will easily come in above last year's S\$12 billion. (This) could rise closer to S\$17 billion if the government spends all of its accumulated savings and calls an election before 2016."

– Credit Suisse economist Michael Wan

SkillsFuture drive

- National effort to develop skills-based workforce and economy
- Integrated education and training system that is responsive to industry needs
- Sector-focused frameworks for career advancement through skills
- Further top-up to Lifelong Learning Endowment Fund

"We want to help (Singaporeans) to create a brighter future for themselves by many routes, not just the academic route but also alternatively by getting good jobs, mastering deep skills, performing well and then getting relevant qualifications along the way, as they work, as they advance in their careers."

– Prime Minister Lee Hsien Loong

"(Singapore) has very strong emphasis on credentials, and that has pluses and minuses. We've got to keep the pluses, which is this desire to advance, but make sure that people are getting credentials for skills that really hold value in the market, and not just a paper for paper's sake."

– Deputy Prime Minister and Finance Minister Tharman Shanmugaratnam

Retirement adequacy

SILVER SUPPORT SCHEME

- New scheme for needy elderly with insufficient CPF savings and little family support
- Annual bonus from government to supplement CPF payouts

CPF REVIEW

- Customisable retirement planning with various savings and payout options
- Lump sum withdrawal at age 65 permitted, capped at 20% of CPF savings
- Larger contribution rates for older workers above 50-55, from 35% to 37%
- Higher Ordinary Wage Ceiling, currently at S\$5,000

"Providing assurances in retirement for our seniors is a very important priority, not just for today's generation of seniors but those in future as well. It is a strengthening of our social security system."

– Deputy Prime Minister and Finance Minister Tharman Shanmugaratnam

Economic restructuring

PRODUCTIVITY

- Productivity & Innovation Credit (PIC) scheme
 - Specific measures for laggard sectors eg. construction, accommodation & food services
 - Calibrated assistance based on firm size
 - R&D criteria broadened, simplified for SMEs
- Discounts on foreign worker levies for firms with improved productivity
- Top-up to National Productivity Fund

MANPOWER & BUSINESS COSTS

- Wage Credit Scheme
 - Extension for another two years
 - Larger share of wage increases co-funded by government, currently at 40%
 - Higher cap on gross monthly income, currently at S\$4,000
- Expansion of minimum wage to more sectors, currently only for cleaners and security guards
- Enhanced Workfare Income Supplement Scheme and Workfare Training Support Scheme
- Extension of tax breaks for Singapore Reits

INTERNATIONALISATION

- Cash subsidies for qualifying expenses for internationalisation
- Tax rebates to help SMEs relocate lower-value operations overseas

"I'm in favour of a different and quite holistic approach. I think you have to focus at the end of the day on what is going to create new value. Cost and process improvement – that is one thing. But creating new value must be the centrepiece."

– Lien Foundation chairman Laurence Lien