



Singapore budget to boost jobs, reduce reliance on foreign workers

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Singapore's [2020 budget](#) — announced on 18 Feb 2020 — features several labor market initiatives to boost workforce skills, increase the employment rate of older workers and improve job opportunities for Singaporean nationals. The initiatives aim to build on earlier efforts by the government to increase retirement and reemployment rates and to reduce employers' reliance on skilled foreign workers.

Highlights

Initiatives targeting older employees aged 55 years or older

- Wage offsets of up to 8% for employers, depending on the age of employees, to help with increased wages and Central Provident Fund contributions.
- Introduction of a Senior Employment Credit from 2021 that will grant wage offsets to employers in exchange for hiring Singaporean workers aged 55 years or older. The amount will be reduced in line with scheduled increases of the retirement and reemployment ages. The government announced in April 2019 that the retirement age will gradually rise beyond the current age of 62 and the reemployment age of 67. Employers that voluntarily introduce an increased retirement and reemployment age before the statutory increases take effect will be given a Senior Worker Early Adopter Grant.
- Employers that formalize part-time reemployment arrangements will receive a grant.

Initiatives targeting mid-career employees aged between 40 and 50 years

- The government will launch a new SkillsFuture Mid-Career Support Package to boost the employability of Singaporean nationals between the ages of 40 and 50 years. The package will provide job placement services to approximately 5,500 individuals by 2025, and will include new

hiring incentives (employers could receive up to 20% salary support for new hires over a six-month period, capped at S\$6,000), reskilling initiatives and streamlined manpower schemes (such as support for employee hiring and retention). Singaporeans aged between 40 and 60 years would be entitled to an additional top-up grant of S\$500 under the SkillsFuture Credit scheme.

Foreign worker policy

- Starting 1 Jan 2021, a reduction in the number of S Pass visas for foreign workers, from 20% to 15%, will be phased in over two years for the construction, marine shipyard and processing sectors. The number of S Pass visas available to manufacturing employers will be reduced when the economy improves. However, employers with specific needs would still be allowed, "in exceptional cases," to apply to hire foreign workers using certain government schemes. The S Pass allows mid-level skilled staff to work in Singapore. Candidates must earn at least S\$2,400 per month, and possess the relevant qualifications and work experience. The budget also includes initiatives to match skilled Singaporean nationals to job openings.
- Levy rates for hiring foreign workers will not change in 2020.

Training investment

- Singaporean nationals aged 25 years or older would be given a grant of S\$500 to help finance continued learning. Grants will be available from 1 Oct 2020 and must be used by the end of 2025.
- Employers could apply for a SkillsFuture Enterprise Credit of up to S\$10,000 per organization to defray 90% of the out-of-pocket costs associated with business transformation, job redesign and skills training.
- The government will expand the capacity of the SkillsFuture work-study program that allows Singaporean nationals to combine training and employment, and aims to increase the program to cover 12% of each age cohort, up from 3.5%.
- The government will expand its job redesign consultancy services and provide training to organizations with extended supply chains that comprise small- and medium-sized firms.

Related resources

Non-Mercer resources

- [Information on 2020 budget](#) (Ministry of Finance, 18 Feb 2020)
- [Information on S Pass](#) (Ministry of Manpower)

Mercer Law & Policy resources

- [Singapore set to hike retirement, reemployment ages](#) (15 May 2019)
- [Singapore hikes funding for flex-work arrangements](#) (15 Mar 2019)
- [Singapore hikes local salaries qualifying for foreign worker quotas](#) (18 Mar 2019)

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