ANNEX C-3: KEEPING UP THE MOMENTUM OF RESTRUCTURING

(A) Foreign Workforce Measures

(i) Reduction in Dependency Ratio Ceiling (DRC)

DRCs will remain unchanged for all sectors except the services sector.

Sector	Current	Changes
DRC		
Manufacturing	60%	No change
Services	40%	To be reduced to 38% on 1 January 2020, and to 35% on 1 January 2021[1]
Construction	87.5%	No change
Process	87.5%	No change
Marine Shipyard	77.8%	No change
S Pass sub-DRC		
Services	15%	To be reduced to 13% on 1 January 2020, and to 10% on 1 January 2021[1]
All other sectors	20%	No change

[1] When a DRC or a sub-DRC cut is implemented, firms will not be able to renew work passes of foreign workers that have exceeded the revised DRC or sub-DRC. However, for the foreign workers above the DRC/sub-DRC limits, firms can retain them until their work passes expire to avoid disrupting existing operations.

(ii) Foreign Worker Levy rates

Foreign Worker Levy rates will remain unchanged for all sectors. The earlier-announced Foreign Worker Levy increases for the Marine Shipyard and Process sectors will be deferred for another year.

Sector/ Pass Types	Tier	Dependency Ratio Ceiling (DRC)	Levy Rates ($) (R1/R2)		
			1 Jul 2018	1 Jul 2019	1 Jul 2020
S-Pass	Basic Tier	≤ 10%	330	330	To be announced in 2020
	Tier 2	10-20%	650	650	
Construction WPH	Basic Tier	≤ 87.5%	300/700	300/700	300/700
	MYE-Waiver		600/950	600/950	600/950
Services WPH	Basic Tier	≤ 10%	300/450	300/450	To be announced in 2020
	Tier 2	10-25%	400/600	400/600	
	Tier 3	25-35%	600/800	600/800	
Marine Shipyard WPH	Basic Tier	≤77.8%	300/400	~~350/500~~ 300/400	
Process WPH	Basic Tier	≤ 87.5%	300/450	~~300/500~~ 300/450	
	MYE-Waiver		600/750	~~600/800~~ 600/750	
Manufacturing WPH	Basic Tier	≤ 25%	250/370	250/370	
	Tier 2	25-50%	350/470	350/470	
	Tier 3	50-60%	550/650	550/650	

Notes:

- Numbers underlined are Foreign Worker Levy rates announced at Budget 2019. Strike-outs refer to earlier-announced levy rates (i.e., before Budget 2019).

More Information

Please visit www.mom.gov.sg, or contact the Ministry of Manpower (MOM) hotline at 6438 5122.

(B) Transitional Support Measures

To help firms adjust to the impending foreign workforce policy changes that will take effect from 1 Jan 2020, we will extend the enhanced support levels of up to 70% for the Enterprise Development Grant (EDG) and the Productivity Solutions Grant (PSG), and expand the scope of the PSG.

(i) Enhancements to the Enterprise Development Grant (EDG)

The EDG, announced at Budget 2018, is a holistic grant scheme providing customised support to local enterprises for their growth and transformation. It provides enterprises with up to 70% government funding to undertake projects to strengthen their business capabilities, improve operational efficiencies and internationalise. Details are as follows:

In general, SMEs can access up to 70% support while non-SMEs can access up to 50% support under the EDG. For hardware/ software, the support level differs, as illustrated below.

Areas of support	**Support for SMEs**	**Support for non-SMEs**
Eligible expenses	Up to 70%	Up to 50%
Exception: Hardware/software	Up to 50%	Up to 30%[2]

The EDG's enhanced support level of up to 70% will be extended for three more years, up to 31 March 2023. Support levels for the scheme after FY2022 are subject to review closer to the end of FY2022. Without the extension of the enhanced support level, the support level for the EDG would have reverted to 50% after 31 March 2020.

To ensure that the benefits of enterprise transformation are passed on to our workers, enterprises will also need to commit to outcomes for workers, such as wage increases, in order to qualify for the EDG, with effect from 1 April 2020. Details will be shared at a later date.

Enterprises can apply for the EDG through the Business Grants Portal.

[2] Support level for non-SMEs for hardware can be up to 50%, if the project involves large-scale automation and qualifies for the Automation Support Package.

(ii) Enhancements to the Productivity Solutions Grant (PSG)

The PSG, which was announced at Budget 2018, aims to support enterprises to adopt pre-scoped, off-the-shelf productivity solutions and technologies. Depending on the sector which the PSG solution falls under, the support level (currently up to 70%) will drop to 50% after 31 March 2020. To support firms in making the transition, the PSG support level of up to 70% will be extended to 31 March 2023. Support levels after FY2022 are subject to review closer to the end of FY2022.

To further support firms, the PSG will be enhanced to include a component that supports worker upgrading. Eligible enterprises will be able to receive a subsidy for up to 70% of their out-of-pocket training expenses (i.e. the remaining amount which is not already covered by other government training subsidies such as those under SkillsFuture), capped at $10,000 per enterprise. This will last until 31 March 2023.

Enterprises applying for the training subsidy under the enhanced PSG must submit a training plan, which will be assessed. They will only be eligible for the training subsidy after their PSG application has been approved. Enterprises can apply for PSG through the Business Grants Portal.

More details will be provided at the Ministry of Trade and Industry's (MTI) and Ministry of Education's (MOE) Committee of Supply (COS).

For queries

For queries relating to EDG and PSG, please contact Enterprise Singapore at enquiry@enterprisesg.gov.sg.

For queries relating to the training subsidy under the enhanced PSG, please contact SkillsFuture Singapore at https://portal.ssg-wsg.gov.sg/feedback or 6785 5785.