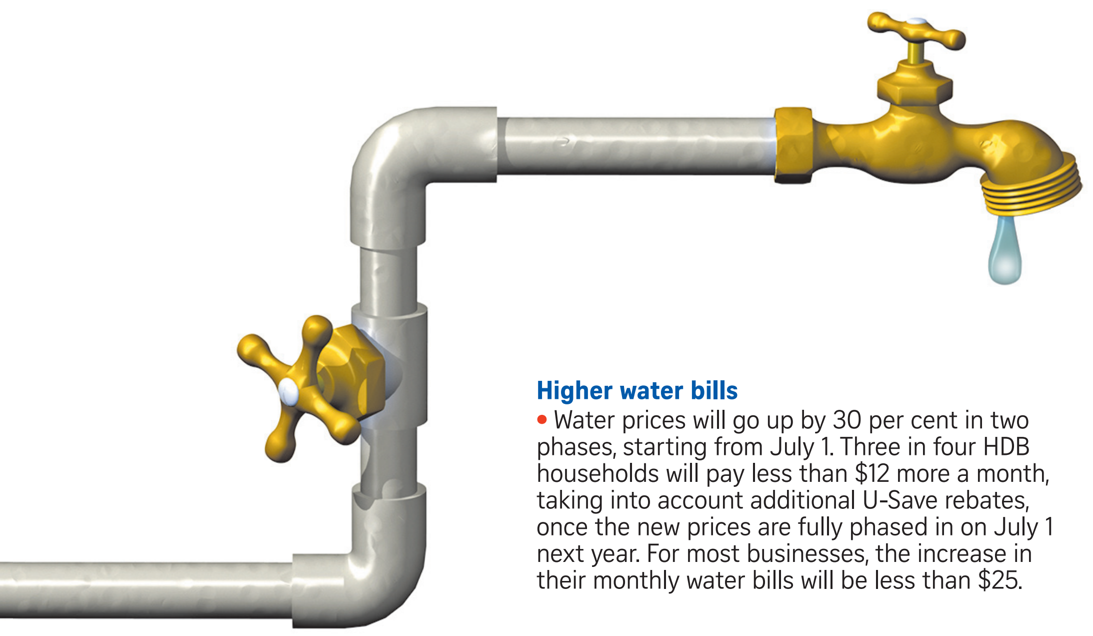
BUDGET IN 5 MINUTES

Budget 2017 seeks to prepare Singapore for an uncertain future. For the first time in nearly 20 years, water prices have been hiked to reflect the cost of water production. But workers are getting more retraining support while there are measures to help firms grow and innovate. Families and households are not left out too. Charissa Yong and Chia Yan Min highlight key takeaways from this year's Budget speech.

HOUSEHOLDS



Higher water bills

- Water prices will go up by 30 per cent in two phases, starting from July 1. Three in four HDB households will pay less than $12 more a month, taking into account additional U-Save rebates, once the new prices are fully phased in on July 1 next year. For most businesses, the increase in their monthly water bills will be less than $25.

More help to buy a resale flat

- Couples who want to buy a resale flat will get more money from the Government to do so. Those who buy a four-room or smaller resale flat will get a Central Provident Fund housing grant of $50,000, up from $30,000 previously. The grant will be raised from $30,000 to $40,000 for couples buying a five-room or bigger resale flat.
- Infant care will also be made more accessible. The number of spaces in centres for children younger than 18 months will be increased to more than 8,000 by 2020.

Personal income tax rebate

- Households will get a reduction in their tax bills this year. Taxpayers will get a rebate of 20 per cent of tax payable, capped at $500, for income earned in 2016. The rebate will cost the Government $385 million.

Higher fee for motorcycles

- People who buy expensive motorcycles will have to pay a higher additional registration fee (ARF). It will affect fewer than half of new motorcycle buyers.
- The fee for all motorcycles was 15 per cent of their open market value, but it will now be tiered. The first $5,000 of a motorbike's open market value will be subject to a 15 per cent ARF rate. The next $5,000 will be subject to a rate of 50 per cent, and a 100 per cent ARF rate will apply to the remaining value of a motorcycle beyond $10,000.

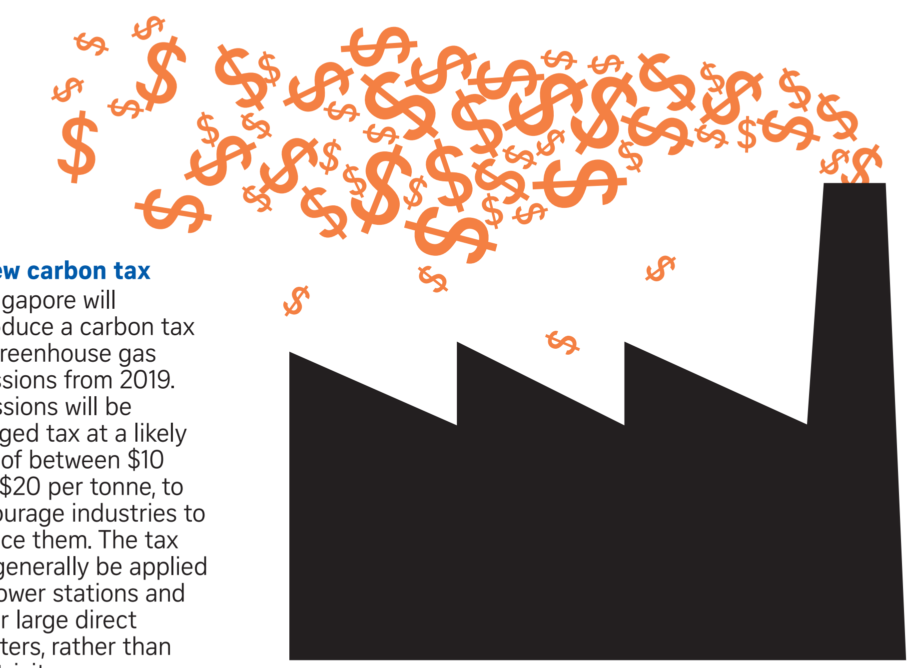
NATION

Budget position

- Despite giving out a whopping $2.87 billion in handouts, the Government still posted a $5.18 billion surplus for the 2016 financial year.
- This was largely thanks to the $14.37 billion net investment returns contribution, which the Government uses to supplement its annual Budget spending. If the net investment returns contribution and top-ups to funds were excluded, the Government would have logged a deficit of $5.59 billion.
- In a bid to manage growing spending needs, ministries' budgets will go up at a slower rate from the 2017 financial year onwards. Ministries and organs of state will see their budget caps permanently adjusted downwards by 2 per cent. This will be phased in over two years for the four ministries serving security needs or significantly ramping up their services: Home Affairs, Defence, Health and Transport.

Implementing the Committee on the Future Economy's (CFE) strategies

- More than $2.4 billion will be set aside over the next four years to put in place the CFE's recommendations and gear up Singapore's economy for the future. This is in addition to the $4.5 billion Industry Transformation Programme announced last year. The funds will go towards helping companies scale up, deepening capabilities among enterprises and workers, and encouraging collaborations in both the public and private sectors.



A new carbon tax

- Singapore will introduce a carbon tax on greenhouse gas emissions from 2019. Emissions will be charged tax at a likely rate of between $10 and $20 per tonne, to encourage industries to reduce them. The tax will generally be applied to power stations and other large direct emitters, rather than electricity users.

WORKERS

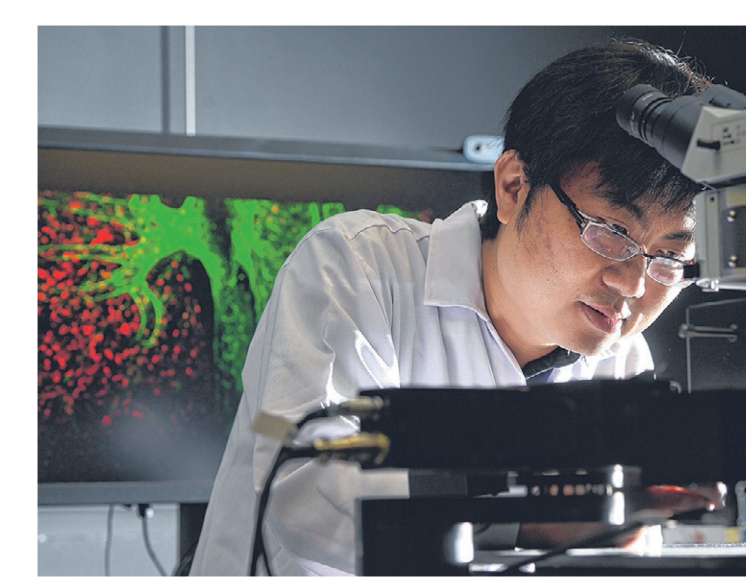
More help to get a new job

- Workers looking to take on new jobs in sectors that are not hiring yet will get a leg-up. Under a new "Attach and Train" programme, participants can go on training and work attachments.
- A new SkillsFuture Leadership Development Initiative will see promising individuals being sent on specialised courses and overseas postings. The programme aims to groom 800 potential leaders over three years.
- A three-pronged Global Innovation Alliance for Singaporeans to gain overseas experience, build networks and collaborate with innovators overseas.

COMPANIES

Short-term help for sectors hit by economic slowdown

- The Budget has directed help at sectors of the economy which have been faring less well. Foreign worker levy increases for the marine and process sectors will be deferred for another year. These sectors, which have been hit hard by the plunge in global oil prices, also got a reprieve from levy hikes in the last Budget.
- About $700 million worth of public sector infrastructure projects will be brought forward to the 2017 and 2018 financial years, in order to support the construction sector.
- More than $600 million will be paid out under the Wage Credit Scheme next month to help firms cope with rising wages.
- Firms also will get an enhanced corporate income tax rebate.



Pushing firms to innovate and grow abroad

- Up to $600 million will go towards a new International Partnership Fund to co-invest with Singapore companies expanding abroad.
- The Agency for Science, Technology and Research will work with firms to identify technologies that will make them more innovative and competitive. It will support 400 companies over the next four years.
- An SMEs Go Digital Programme, to help SMEs build digital capabilities, will be rolled out.

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