Targeted help in latest round of Covid-19 measures a reminder of need to transform: Observers

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The latest round of support measures announced by Deputy Prime Minister Heng Swee Keat is a welcome shot in the arm for the economy and a recognition of feedback from the ground, industry players and observers said yesterday.

But they noted that the targeted tapering-off of support measures is also a signal to companies that they may have to think about transforming for the longer term.

Mr Christopher Gee, a senior research fellow and head of governance and economy at the Institute of Policy Studies, said the measures recognise that the economic shocks from Covid-19 and other disruptions this year are far from over.

"There is a tapering off of the relief measures, which is appropriate given the need to allocate public funds wisely and in a more targeted way now that there is a better understanding of which businesses can pivot best to adapt to the post-pandemic environment, and which remain challenged," he said.

Mr Gee said he had earlier expected a larger package of $15 billion, following the three supplementary Budgets since February. Pointing to the emergence of "zombie companies" that are surviving solely on public funds, he said the smaller $8 billion package may indicate "a desire to transition away from broad-brush, relatively high levels of relief measures that might lock businesses and labour into unsustainable operating models".

Maybank Kim Eng senior economist Chua Hak Bin said the package was nonetheless "still pretty generous". He pointed out that even without tapping the reserves, there is room for further fiscal support if economic conditions take a turn for the worse, given that $13 billion was set aside for the Contingencies Funds in May's Fortitude Budget.

"It's encouraging that there will still be support for the workers themselves who have been retrenched or face income loss. The Covid-19 Support Grant extension will be helpful for them... and the Workfare Special Payment will also go directly to the pockets of low-income workers," he said.

Dr Chua said firms have to accept that the lifeline cannot be extended indefinitely and the Government is signalling to them that they have to "right-size" their manpower needs. "The economy is past the worst point, so it's hard to justify the magnitude in terms of fiscal support we saw in second quarter," he added.

Observers say the targeted support for the badly hit aviation and tourism sectors will help them retain their capabilities, but they too cannot avoid making adjustments for the long term.

Mr Martijn Schouten, people and organisation leader for South-east Asia at professional services firm PwC, said the move to scale up the temporary redeployment programme for the aviation sector will help workers in the short run, but the sector requires "a more fundamental solution to deal with the longer-term effect of Covid-19".

"The sector will accelerate automation and digitisation initiatives to further reduce direct face-to-face interaction among airport staff and ground handling staff, for example, and minimise risk of infection in doing so," he said.

"Reskilling workers that are currently not being deployed or whose roles are being displaced to take on jobs in demand will help develop a more sustainable workforce transformation across the sector."

Mr Ong Hwee Liang, chairman of the National Trades Union Congress Aerospace and Aviation Cluster, said the 4,000 new jobs in the healthcare sector and other areas of need under the redeployment programme are of particular interest to the unions under his cluster. "Many workers have already been redeployed, and the scaling-up... will help even more workers find alternative employment during this difficult time," he said.

Mr Hassan Abdullah, president of the Attractions, Resorts and Entertainment Union, said the measures in general come as a "huge and welcome relief" for the tourism sector - in terms of saving jobs and keeping the industry alive.

Industry groups said they were glad their views had been taken on board.The Singapore Business Federation (SBF) said the extension of the Jobs Support Scheme "provides some certainty for companies and directly addresses their top concern on managing manpower".

Added SBF chairman Lim Ming Yan: "Businesses must continue to be nimble and reinvent themselves, pivoting into new areas of growth, such as in digitalisation, advance manufacturing, prototyping, fintech, food and agri-tech, as well as leveraging Asean as a growth region."

Singapore Manufacturing Federation (SMF) president Douglas Foo said the newly announced Jobs Growth Incentive (JGI) to incentivise firms to hire local workers will be welcomed by certain industries in manufacturing. "By also providing more support for mature workers, the JGI will go some way towards retaining the valuable reservoir of skills and experience that such workers possess," he said.

The Singapore Chinese Chamber of Commerce and Industry said it will continue to align its efforts with government policies when assisting trade associations and members to accelerate their transformation processes. Singapore Malay Chamber of Commerce and Industry president Farid Khan said business owners had to take a longer-term view: "This may include transforming their business models and finding new ways of working in the new norm."