

MEDIA RELEASE
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\$1.36b Construction Support Package to help firms resume work quickly and safely

Construction Support Package to give financial support to construction firms, maintain business sustainability, and support businesses to be COVID-safe, and to assist with cashflow.

Singapore, 27 June 2020 – A new \$1.36 billion Construction Support Package will be extended to firms in the construction sector to help them cope with the impact of COVID-19, and so that they can resume work quickly and safely. As the vast majority of COVID-19 cases in Singapore has been migrant workers living in dormitories, we have worked with the Singapore Contractors Association Ltd (SCAL), the Specialists Trade Alliance of Singapore (STAS) and other trade associations to develop safe distancing measures specifically for the construction sector to minimise the risk of another outbreak among these workers. Government will provide additional funding to help construction companies offset the cost of these sectoral requirements.

2 On 26 May 2020, DPM Heng Swee Keat announced the Fortitude Budget, giving further Government support to help businesses stay afloat and preserve employment for locals as we emerged from the COVID-19 Circuit Breaker. In particular, the Jobs Support Scheme (JSS) for local employees in the Built Environment sector (including consultants) was increased to 75% (from the earlier 25%), and Foreign Worker Levy waivers and rebates for the construction sector were extended to up to two months.¹

3 At the same time, DPM Heng had announced that the Built Environment sector would receive further government support to co-share costs that will be incurred by firms in order to resume their existing projects safely. Broadly, the Government will (i) extend advance payment for public sector projects beyond May 2020, (ii) provide support for prolongation costs for public sector projects, and (iii) help companies offset

¹ All construction firms will receive a 100% Foreign Worker Levy waiver and \$750 Foreign Worker Levy rebate in June 2020, as well as a 50% Foreign Worker Levy waiver and \$375 Foreign Worker Levy rebate in July 2020.

additional compliance costs due to COVID-19, including swabbing tests for Construction workers.

Construction Support Package

Construction Restart Booster

4 A \$525.8 million construction restart booster will be made available to help construction firms, which have to incur additional compliance costs unique to the sector in order to resume works safely. This funding will co-share contractors' costs in procuring additional material/equipment to comply with COVID-Safe Worksite requirements (e.g. additional portable toilets, PPEs, masks, barricades). The funding will be given to construction projects regardless of whether they have restarted or are pending restart, as these compliance costs would eventually be incurred.

Co-funding salaries of Safe Management Officers (SMOs)

5 Contractors are required to deploy SMO(s) to ensure that safe management measures are implemented at construction worksites. Even though the SMO position can be taken up by an existing employee rather than as a new hire, Government will set aside \$48 million to co-fund 50% of salaries of SMOs who are Singapore citizens or permanent residents for six months from September 2020 to February 2021, provided that the firms adhere to COVID-Safe Worksite practices.

Co-sharing of prolongation costs for public sector projects

6 Government Procurement Entities (GPEs) will co-share the prolongation costs for public sector construction contracts and tenders which closed before 1 June 2020. This will add up to \$793 million. **GPEs will co-share 50% of the prolongation cost, capped at 1.8% of contract sum.** Main contractors for public sector construction projects may submit claims for the following prolongation cost for delays which are accompanied by certified Extensions of Time (EOTs) due to COVID-19:

- a) Rental of plant and equipment by main contractors and the sub-contractors;
- b) Other project-related costs such as vector control, insurance, etc.

7 In these challenging times, developers undertaking private sector projects should also likewise adopt similar practices to co-share prolongation costs with contractors for private sector projects.

Extension of Advance Payment for public sector projects

8 As some construction projects have not fully resumed work yet, the Government will extend advance payment to firms working on public sector projects. Main contractors of public sector projects were earlier granted advance payments for the months of April and May 2020. GPEs will now extend advance payment up to the point when the projects have obtained approval to restart, subject to a total advance payment cap of 5% of the project's awarded contract sum or \$10M, whichever is lower. Main contractors will be required to pass on a portion of the advance payment to their sub-contractors within two weeks of receiving the payment certificate from GPEs.

Extension of Government subsidies for COVID-19 tests

9 As part of BCA's COVID-Safe Workforce criteria, employers should ensure that their employees undergo periodic swab tests to safeguard the health and safety of their employees as required. This includes all construction work permit holders and S Pass holders (except for those working in company office premises) and Singapore Citizens/ Permanent Residents/ Employment Pass holders working on construction sites.² The Government had earlier announced that it would pay for the periodic swab test for construction work permit holders and S-pass holders, up to August 2020. The Government will now continue to bear the costs of COVID-19 testing for the construction sector until 31 March 2021, to help ensure a safe restart of the construction sector.

Foreign Worker Levy rebates

10 In addition to the support measures outlined above, construction firms will also be eligible for Foreign Worker Levy rebates of \$90 per month for each work permit holder, from August 2020 to December 2021.

11 BCA has been working and will continue to work closely with the industry and its partners such as SCAL, STAS, REDAS to streamline processes and information to help the construction sector restart safely.

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² Personnel living outside dormitories (e.g. HDB/PRP), or dormitories which have been cleared by Inter-Agency Taskforce (ITF) can continue to work while waiting for swab test arrangements by BCA.