

## Caring for our workers

### **FAQ for RESTART (Re-Employment Scheme and Temporary Assistance for the ReTrenched)**

Retrenchment insurance will provide retrenched workers with support while they look for reemployment.

SDP will fight for retrenchment benefits to be paid to workers retrenched as a result of Covid-19. Under the SDP RESTART (Re-Employment Scheme and Temporary Assistance for the ReTrenched) programme, if a worker is retrenched, the government pays 75% of his/her last drawn salary for 1st 6 months, 50% for 2nd 6 months, and 25% for the final 6 months (capped at the median wage).

### **FAQ**

1. For the retrenchment benefits, where does the money comes from?

- The investment returns from our reserves are expected to yield \$37.2 billion in Financial Year 2020. The Government uses 50% (\$18.6 b) of it to fund the Annual Budget. That leaves \$18.6 billion that can be used to funds RESTART, which requires only an initial outlay of \$2 billion p.a. This means that we are not even touching the reserve—only the yield that comes from it. When the effects of Covid-19 diminish, RESTART will operate as an insurance programme. (See also the Financial Explanatory Note, which provides a bigger picture of SDP's fiscal solution of its overall initiatives.)

2. Won't such benefits be open to abuse and encourage people to become lazy?

- The idea that unemployment benefits will create an army of lazy people is a myth. Many studies have shown that unemployment (or similar) benefits do not engender such attitude or behaviour (e.g., <https://link.springer.com/article/10.1007/s11205-013-0474-9>; <https://www.vox.com/policy-and-politics/2015/11/20/9764324/welfare-cash-transfer-work>). In a bold experiment, Finland demonstrated that even free money in the form of universal basic income not only does not make people lazy but it also has the potential of revolutionising work in positive ways (<https://www.theguardian.com/commentisfree/2019/feb/12/universal-basic-income-work-finland-experiment-payments>).
- In Singapore, the PAP has long-adopted the neo-liberal ideology and, through the decades, drummed into the people's minds that welfare will produce a lazy and indulgent people, and cause the ultimate ruin of our society. The truth is quite the opposite. Seeing the callous and uncaring way we treat the weakest among us—and being unable to do anything about it—will not inspire us to work towards a better society. Ultimately, supporting those who face economic dislocation or caring for those who are unable to care for themselves is a human trait—and a highly desirable one.

3. Still, any benefits will be open to abuses, won't it? How does SDP plan to prevent such abuses?

- Then actual "free" benefits of RESTART are only temporary. Once the post-pandemic economy stabilises, it will run as an insurance scheme. By its nature, insurance contains build-in mechanisms to prevent abuses. That's the reason why we don't see people smashing their car or killing themselves after buying insurances.

#### Financial Explanatory Notes:

Out of call for 4Y1N, three of SDP's initiatives require fiscal justifications. The three are the suspension of GST until 2021, RISE and RESTART, costing a total of \$16.1 billion.

- The suspension of GST will cost \$11.3 billion in 2020.
- RISE will cost \$2.8 billion annually
- RESTART will cost \$2 billion p.a. initially. Subsequently, when the effects of Covid-19 wane, it will be funded via an insurance program.

The investment returns from our reserves yielded \$34 billion in Financial Year 2019 and are expected to yield \$37.2 billion in Financial Year 2020. Each year, 50% of the returns are set aside by the Government for its Annual Budget. For 2020, the Government has put aside \$18.6 billion (50%) for its Annual Budget. Hence another \$18.6 billion is available for use without touching the principal sum of the reserves. It is like using the interest income from our fixed deposit without touching the principal sum of the fixed deposit.

This \$18.6 billion is more than sufficient to fund the combined cost (\$16.1 billion) of the three SDP initiatives. There will still be a net balance of \$2.5 billion which will add to the reserves together with land sales revenue that has averaged \$16 billion a year for the past 10 years. The principal sum of the reserves will also grow with economic growth and net investment flows.

Furthermore, only RISE requires a long-term budget of \$2.8 billion p.a., an easily sustainable figure. The other two initiatives require only temporary funding.

**OUR PROPOSAL**

- YES** Suspend GST
- YES** Pay retrenchment benefits
- YES** Provide retirement income
- YES** Put people first

~~NO 10 million resolution~~  
✓ ACCOMPLISHED

**4Y1N SDP**

VOTESDP

**OUR PROPOSAL**

**GST TILL 2021**

Suspend GST till 2021 to help people and businesses.

**4Y1N SDP**

VOTESDP

**OUR PROPOSAL**

Pay retrenched workers 50% of their last drawn salary for 18 months.

**4Y1N SDP**

VOTESDP

OUR PROPOSAL

**R**  
**I**  
**S**  
**E**  
**Retirement  
Income  
Scheme for the  
Elderly**



Bottom 80% of retirees aged 65+ to get \$500 per month

**4Y·1N**  
**SDP**

VOTESDP  X

OUR PROPOSAL



Put people first in policy making. They are the heart of Singapore.

**4Y·1N**  
**SDP**

VOTESDP  X



**SDP**

**VOTE SDP**



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