

Singapore



Skills Development Fund

Background

The Singapore Skills Development Fund (SDF), funded by a levy, provides financial incentives for the training of persons preparing to join the workforce, persons in the workforce and persons rejoining the workforce. The SDF was established in the Republic of Singapore on 1 October 1979 as a statutory Government fund under the Skills Development Levy Act (Cap. 306). SDF was administered by Singapore Workforce Development Agency ("WDA") from September 2003 to October 2016. The administration of the SDF was transferred from WDA to SkillsFuture Singapore Agency with effect from October 2016. SkillsFuture Singapore is a statutory board under the Ministry of Education.

Levy and Fund Purpose

<i>What is/are the main purpose(s) of the training levy?</i>	<p>The objectives of the Skills Development Fund include:</p> <ul style="list-style-type: none"> the promotion, development and upgrading of skills and expertise of persons preparing to join the workforce, persons in the workforce and persons re-joining the workforce; the retraining of retrenched persons; and the provision of financial assistance by grants, loans or otherwise for the purposes of the abovementioned objects. (Skills Development Levy Act 1979 (revised 2012))
<i>What is the levy type?</i>	<ul style="list-style-type: none"> Levy-grant Revenue generation

Fund Mobilization

Levy rate, base, exemptions and income

<i>What is the levy base?</i>	Payroll / fixed rate per employee
<i>What is the levy rate?</i>	<p>For employees earning up to S\$4,500 (USD 3,300) a month, the levy rate is 0.25% of the gross monthly remuneration or S\$2, whichever is greater.</p> <p>For employees earning above S\$4,500 a month, the levy amount is S\$11.25 (USD 8) a month.</p>
<i>Is it a national, regional or sector levy?</i>	National
<i>Who should pay the levy?</i>	<p>Private enterprise employers (formal sector)</p> <p>Public sector employers</p>
<i>What was the total number of levy paying firms?</i>	There are no published figures on the number of levy payers.
<i>Does the training fund receive funding from any other source apart from the levy?</i>	Yes - The Government may provide additional top-ups from time to time to complement the levy.
<i>What was the total amount of levy funds collected in the most recent year data available?</i>	S\$275m (USD 204m) (2019-20) - 92% of this levy income comes from private sector employers (SkillsFuture Singapore, 2020).

Method used to collect the levy

<i>Who collects the levy?</i>	Electronically to the Central Provident Fund (the authorised collection agency for levy) or by check/bank transfer directly to the SkillsFuture Singapore Agency
<i>What are the main challenges with regard to levy collection?</i>	Accuracy of payroll information for computation and corresponding accurate collection of the levy. This is mitigated while not completely

<i>and how could these be addressed?</i>	addressed via employers' declaration and selected audits of the relevant submissions and records.
<i>Do levy payers pay, and what is the penalty if they do not?</i>	Failure to pay is a statutory offence. There is a late payment penalty of 10% per annum of the amount outstanding.

Fund Expenditure

Allowable areas of expenditure for the training fund

The SkillsFuture Singapore Agency (SSG) and Workforce Singapore Agency ("WSG")¹⁷ has established a mutually agreed allocation framework on the usage of SDF to fund SSG's and WSG's operations respectively. As SSG and WSG's activities and operations have expanded rapidly to react to greater economic downturns and uncertainties impacting the Singapore workforce, management has obtained approval from the Board of SSG to fund expenditures on manpower, other operating expenditures and development costs for selected Continuing Education and Training functions using SDF (SkillsFuture Singapore, 2020).

Training of employees in levy-paying firms	Yes
Training of workers in formal small and medium-sized enterprises that don't pay the levy	Yes
Initial training of young people in secondary-level technical and vocational institutes	No
Initial training of young people in tertiary-level technical and vocational institutes	No
Training as part of special government initiatives related to training youth or disadvantaged and marginalized groups	Yes
Business development and consulting services to enterprises	No
Equipment and infrastructure of public training providers	Yes
Training activities for training fund staff	Yes
Monitoring and evaluation activities	Yes
Administrative management of the training fund	Yes
Levy collection	Yes

Actual fund expenditure

S\$280m (USD 208m) (2019-20) (SkillsFuture Singapore, 2020). There is no breakdown, publically available, of how these funds were dispersed.

Fund Allocation Mechanisms

As per the Skills Development Levy Act, persons preparing to join the workforce, persons in the workforce and persons re-joining the workforce are eligible to access the funds.

How are funds allocated to levy-paying firms to train their employees? Employers can access grants to offset training costs for their employees; in addition, they may receive additional wage support to further defray manpower cost incurred when they send their employees for eligible training courses. All companies registered or incorporated in Singapore are eligible to apply for SDF training assistance; the amount of funding the employer can obtain from SDF for the training of its workers is not tied to the amount of levy payment by an employer.

How are funds allocated to workers in small and medium-sized enterprises? The 'Enhanced Training Support for SMEs' programme funds up to 90% of the course fees (with the remaining 10% paid by the employer) in addition to an absentee payroll grant to help employers defray the costs incurred when they send their employees for certifiable skills training (80% of basic hourly salary, capped at \$7.50 per hour). SkillsFuture have initiated new initiatives to support SME; for example, in 2018, they launched the National Centre of Excellence for Workplace Learning to help SMEs to build their work-learn capabilities in support of enterprise transformation. SkillsFuture's Queen Bee strategy stimulates the collaboration of several market leaders and value chain leaders in various sectors, who

¹⁷ Previously known as the Singapore Workforce Development Agency.

help to impart in-demand expertise to enterprises in their value chain or other similar companies in their sector. This programme helps to support several enterprises, particularly SMEs, in their transformation efforts by helping enterprises to reskill and upskill their workforce and uplift the sector through training.

How are funds allocated to individuals? SkillsFuture Credit aims to encourage individuals to take ownership of their skills development and lifelong learning. Introduced in 2015, all Singaporeans aged 25 and above will receive an opening credit of S\$500 (USD 372). Between 2020-25, one-off SkillsFuture Credit top-ups are being offered: i) individuals aged 25 years and above are eligible for an additional S\$500 to further encourage reskilling and upskilling; ii) individuals aged 40 to 60 (inclusive) are eligible for a further S\$500 to support mid-career training.

Fund Effectiveness

<i>How effective is the training fund's monitoring and evaluation system at assessing the training and labour market outputs and outcomes of the training fund expenditure?</i>	A survey system captures the training quality and employment outcomes of trainees after participating in training that is supported by the fund.
<i>What evidence exists on the effectiveness of levy-financed training funds, in terms of:</i> <ul style="list-style-type: none"> • Improving access to training for disadvantaged groups? • Improving enterprise performance? • Improving individual employability? • Contributing to national public education and training system? • Incentivizing enterprises to train their employees? 	<p>In 2019, about 500,000 individuals and 14,000 enterprises in Singapore benefitted from training that the fund contributes to (compared to 465,000 individuals and 12,000 enterprises in 2018).</p> <p>The working adult training participation rate increased to 48.5% in 2019, compared to 35% in 2015 (Ministry of Manpower, 2020).</p> <p>The fund provides course fee subsidies of up to 90% to individuals, which has helped to reduce the financial barrier to training.</p> <p>The subsidies such as course fee grant and absentee payroll funding help provide support to employers who send their workers for courses approved for these subsidies. These subsidies are also extended to eligible employers who provide in-house training for their employees.</p> <p>In 2019, 86% of over 43,000 trainees surveyed by SkillsFuture Singapore using the Training Quality and Outcomes Measurement system, indicated that they were able to perform their work better after training.</p> <p>Favourable outcomes from training were commonly reports in terms of enhanced productivity on the job (49%), acquisition of job-related skills (45%), enhanced service delivery (40%), increase in confidence and self-esteem (32%) and greater employability as a result of training (30%) (Ministry of Manpower, 2020).</p>

Fund Governance and Management

Fund governance

Employers have a major role: ten of fifteen members of the SkillsFuture Singapore Agency, that controls the SDF, represent employers (including the Chairman).

<i>Total number of Board members</i>	15
<i>representatives of government</i>	4
<i>representatives of formal sector employers' organisations / formal sector employers</i>	10
<i>representatives of workers' organisations</i>	1
<i>representatives of workers in the informal economy</i>	0
<i>Other representatives</i>	0

Level of autonomy of governing Board from government: Under the Skills Development Levy Act, the Board has the autonomy to authorise money to be paid out to carry out all objectives of the Skills Development Fund.

Fund management

According to the SkillsFuture Singapore Agency Act 2016, the Skills Development Fund (and levy) must be managed and administered by the SkillsFuture Singapore Agency separately from the other funds and property of the Agency. The SkillsFuture Singapore Agency Board oversees the use of the fund, which supports a wide range of programmes that cater to the different training needs of the workforce. A governance process on the use of the fund is in place. Each programme budget is evaluated with specific outcomes to be achieved, and approval is sought through an internal approving authority.

Impact of COVID-19 on the Training Fund

Impact on levy collection: No information.

Impact on levy expenditure / allocation: No changes to allocation plans or eligibility rules were expected in 2020 as a result of COVID-19. The biggest challenge the Skills Development Fund faced was to get a good understanding of the needs of the various stakeholder segments that were affected by COVID-19 and how appropriate training programmes could be tailored to support these needs.

References and Further Reading

In addition to the below sources, this country brief is informed by information and data provided by SkillsFuture Singapore, received by UNESCO on 01.10.20.

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Official Website (last accessed)	www.sdl.ssg.gov.sg (02.04.21) www.ssg-wsq.gov.sg (02.04.21)
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