Beyond just a Budget, let’s look at the strategic underpinnings

By Lawrence Leih

Budget 2020 is probably one of the most anticipated budgets ever for Singapore. People and businesses alike were expecting a so-called ‘ejection budget’. With the global Covid-19 crisis hitting Singapore’s shores, they unexpectedly were then looking for a ‘virus-repellent budget’. Some even feared that the virus relief budget is the election budget.

But these terms to describe budgets – ‘ejection’ and ‘virus’ – are probably less than the full picture. A national budget is a holistic blueprint for channeling funds to achieve specific objectives. It is, as Deputy Prime Minister and Finance Minister Heng Swee Keat – who presented the Budget in Parliament on Thursday – put it, our strategic financial plan to prepare Singapore and Singaporeans to meet these challenges and seize new opportunities.

Nevertheless, the attention is often only on the dollars that are being disbursed – who is getting what, when, and how much? This is especially more so in the difficult times now. It is understandable for many to see the budget as a good luck – some liken the finance minister as the legendary god of fortune.

Is the Budget enough?

The annual budget season always reminds me of a new wave music movement swirling the late 70s to the 80s. This is a music genre promoted heavily by MTV, which in fact, is a new trend of thinking and expectations. Is it enough?

‘Just Can’t Get Enough’ by the English electronic music band Depeche Mode is interestingly, a single phrase ‘Just can’t get enough’ sums the lyrics for a total of 10 lines. This includes two parts with 1-5 and 2-5 consecutive repetition.

Given the gravity of the current Covid-19 crisis, unprecedented in terms of the long-term (hundreds of the country, the world) do we feel even for Budget 2020 that there is a more prominent ‘Just can’t get enough’ syndrome?

Let us look the question down along four strategic underpinnings: timeliness, resilience, innovation, sustainability.

Just-in-timelessness

By any measure, Budget 2020 is a spectacular USD 50 billion strategic initiatives of monumental proportions. It comes at an unprecedented rate of change of double whammy: slow global economic growth and just recently, the serious novel coronavirus outbreak. Singapore is an open economy with significant links to China where the virus is endemic. There are also knock-on effects all over the world that will hit Singapore. As it stands, the country had just revisited its economic growth forecast for this year to between 0.5 per cent and 1.5 per cent. This is down one full percentage point from the earlier forecast at both ends of the range, with the possibility of a full year recession.

As Mr Heng acknowledged, the budget measures were not on the table even a month ago. But these have been made possible due to Singapore’s deep reserves – not only in financial terms but also in terms of the reserves of strength, resilience, empathy, and resourcefulness among our public servants and fellow Singaporeans.

There is no question on Budget 2020. Timeliness. It comes just in time to provide sufficient impetus for preparation or even recovery for the future.

Just-right needs

The unique circumstances of Budget 2020 are the two relief packages, totalling some S$5.6 billion, which are curated to serve the needs of enterprises and households.

First, the Stabilisation and Support Package, worth S$4 billion, will help workers and enterprises to weather the near-term economic uncertainties faced now. This includes extra initiatives such as the new Job Support Scheme which will provide wage support for retaining local workers as well as the enhanced Wage Credit Scheme to help enterprises with the costs of wage increases.

Second, the Care and Support Package, with an allocation of S$1.6 billion, will cater to households. It will provide greater assurance and relief some expenses through cash payouts and goods and services tax (GST) vouchers. In addition, the package will provide assistance targeted at lower income groups and families taking care of the elderly and young children.

The allocations, as exemplified through these twin giant packages of Budget 2020, are really a start, and probably not the end to meet the needs now. In fact, these needs could not have been more adequately catered for in the budget.

Just-do change

Even more prominent is the Transformation and Growth strategy that commands a hefty investment totalling S$5.3 billion over the next three years. This is our long-term road to its vision as a global Asia hub of technology, innovation and enterprise.

The strategy comes with three distinctive thrusts. First, it is strengthening partnerships both internationally as well as locally with communities such as trade associations and chambers. Second, it is to deepen enterprise capability by providing support at each stage of a firm’s growth – the schemes include Venture Blitz Equity, Enterprise Grow Package and Enterprise Transform Package. Third, it is to prepare Singaporeans for the future economy – particularly through investing in the Next Round of Skilled future.

Changing enterprises for the new economy does not come cheap. The current allocation for the Transformation and Growth strategy is not at all trivial. In fact, it is one of the most significant ventures with risks. But the returns are expected to be high and in fact critical for the nation’s continued relevance in the changing world.