

COMMENTARY

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

By Lawrence Loh

BUDGET 2020 is probably one of the most anticipated budgets ever for Singapore.

People and businesses alike were expecting a so-called "election budget". With the global Covid-19 crisis hitting Singapore's shores, they unexpectedly were then honing for a "virus relief budget". Some even touted that the virus relief budget is the election budget.

But these terms to describe budgets – "election" and "virus" – are probably less than the full picture.

A national budget is a holistic blueprint for channelling funds to achieve specific objectives. It is, as Deputy Prime Minister and Finance Minister Heng Swee Keat – who presented the Budget in Parliament on Tuesday – 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 dished out – 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 goodie bag – 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 straddling the late 1970s to the 1980s. This is a music genre promoted heavily by MTV – which in itself created a new trend of thinking and expectations.

Remember the popular song *Just Can't Get Enough* by the English electronic music band Depeche Mode? Interestingly, a single phrase "I just can't get enough" was in the lyrics for a total of 48 lines out of 68, including two parts each with 16 and 20 consecutive repetitions.

Given the gravity of the current Covid-19 crisis juxtaposed with the broader long-term challenges of the country, do we feel even for Budget 2020 that there is a more protracted "just can't get enough" syndrome?

Let us break the question down along four strategic underpinnings: timeliness, needs, change, sustenance.

Just in-timeliness

By any measure, Budget 2020 is a spectacular S\$106 billion strategic initiative of monumental proportions. It comes at an unprecedented time of double whammy: slowed global economic growth and just recently, the serious novel coronavirus outbreak.



Emphasising the environment, particularly to fight climate change, is a matter of sustenance for Singapore. It is noteworthy that there is a S\$5 billion initial injection for a Coastal and Flood Protection Fund to protect against rising sea levels. BT FILE PHOTO

Singapore is an open economy with significant links to China where the viral epidemic originated. There are also knock-on effects all over the world that will hit Singapore. As it stands, the country had just revised 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's timeliness. It comes just in time to provide sufficient impetus for preparation or even recovery for the future.

Just nice – needs

The unique centrepieces 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 notable initiatives like 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 defray 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\$8.3 billion over the next three years. This is for Singapore to realise its vision as a global/Asia node of technology, innovation and enterprise.

The strategy comes with three distinctive thrusts. First, it is to strengthen 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 Startup SG Equity, Enterprise Grow Package and Enterprise Transform Package. Third, it is to prepare Singaporeans for the future economy – particularly through investing in the Next Bound of SkillsFuture.

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 a most significant venture with risks. But the returns are expected to be high and in fact critical for the nation's continued relevance in the changing world.

Just right – sustenance

A strong orientation towards the future is the most fundamental driver for Budget 2020 to achieve its strategic intent and beyond.

Singapore is but a tiny island in the world or even the region. It is comforting that Budget 2020 articulates clear action plans to physically protect the city and the environment. Specifically, the Budget lays out concrete plans to manage carbon emissions and foster green towns. Singapore's success will come to naught if its people cannot even have a clean place to live healthily in.

Emphasising the environment, particularly to fight climate change, is a matter of sustenance for Singapore. It is noteworthy that there is a S\$5 billion initial injection for a Coastal and Flood Protection Fund to protect against rising sea levels. On top of that, there is a SG Eco Fund for community partnerships on sustainability initiatives.

Beyond Singapore's shores, Budget 2020 commits for the country to continue contributing to the worldwide efforts in fighting climate change through the Paris Agreement.

Going forward

Ultimately, the proof of the budget pudding is in the eating. From the generous allocations, there is really enough to eat. Budget 2020 is enough as it stands, balancing the more immediate reliefs with the longer-haul recharges.

Budget 2020 should not stop when it becomes the Supply Act as passed by Parliament and assented to by the President. Given the still-unfolding Covid-19 saga, it is not statically cast in stone. We can expect further fine-tunings or even augmentations along the way.

Most important of all, amid these extraordinary times of unprecedented crises, all stakeholders should keep and stay unified with a dynamic sight on the future.

In Depeche Mode's *Just Can't Get Enough*, there are four very apt lines:

"We slip and slide as we fall in love
And I just can't seem to get enough of
We walk together
We're walking down the street"

Yes, we may slip and slide but let's walk down the street together. And that to Singapore will be the most critical success factor for Budget 2020.

■ The writer is director of Centre for Governance, Institutions and Organisations at NUS Business School where he is also associate professor of strategy and policy.