

Budget 2023 not simply a Budget of redistribution

This is not a Budget that simply redistributes the country's wealth but one that keeps its eye on creating fresh sources of it

Gillian Koh

Deputy Prime Minister and Finance Minister Lawrence Wong has just delivered his Budget statement for financial year 2023, his first since he was designated as premier-in-waiting in April 2022.

He summarised Budget 2023 as one designed to help tide Singaporeans over immediate cost-of-living pressures, grow the economy, equip workers, strengthen Singapore's social compact, and build a more resilient nation.

All Singapore finance ministers must demonstrate they have a good overview of government strategy to position Singapore for the present and over the long term; balance the short- and long-term needs of the country with an appreciation of the operating policy landscape; and in doing so, demonstrate how they are guided by the values of fiscal sustainability and inter-generational equity.

As presumptive prime minister in a radically uncertain world, transitioning from the effects of managing the Covid-19 pandemic to coping with the economic headwinds arising from geopolitical tensions of the Ukraine war and the strategic rivalry between the United States and China, DPM Wong has provided measures to shore up the sense of security that ordinary citizens crave, but in a way that sets the country up for a virtuous cycle of growth, economic development and improved livelihoods.

The question is, will Singaporeans buy it?

BUDGET 2023 HAS MANY GOALS

Budget 2023 seeks to provide not only social support to households, young families, seniors and other vulnerable people groups, but also substantial support for industry to find new vectors of economic growth, raise productivity, develop industry capabilities, and nurture better-equipped workers and innovators to achieve all that.

How? First, for conducting current activities more efficiently, the National Productivity Fund will be boosted by \$4 billion.

Second, to make innovation pervasive and create new activities, a new Enterprise Innovation Scheme provides an improved packaging of support in five key areas of research and development that could translate



Deputy Prime Minister and Finance Minister Lawrence Wong making his way towards Parliament House to deliver his Budget speech on Tuesday. ST PHOTO: KEVIN LIM

into tax savings of up to 70 per cent of a company's investment.

Third, the extension of the Enterprise Financing Scheme aims to facilitate business access to credit.

Fourth, more money will go into the Singapore Global Enterprises Initiative, as well as the SME Co-Investment Fund, to help a wide range of promising local businesses become world-beaters.

SINGAPOREANS AT THE HEART OF BUDGET 2023

None of these ambitions can be achieved, or even deserve to be on the table, if Singaporeans are not at the heart of these efforts – as entrepreneurs, innovators, employees and shareholders – creating and sharing in the wealth that the public purse is mobilised to help generate.

While the Government has included progressive wealth-related taxes such as higher stamp duties for high-end properties and additional registration fee tiers for luxury cars, this is not a Budget that simply redistributes the country's wealth but one that keeps its eye on creating fresh sources of it. It also comes on the back of a record haul of fixed asset investments in the country by the

This is a Budget that says that it is time to grasp the future with both hands even if this must be with a clear-eyed view of the risks and disruptions around us. The needed social safety nets are strengthened but far louder is the rallying call to find that fresh impulse to live and thrive.

Economic Development Board in 2022.

Growing the pie is the only sustainable strategy to sharing it. And funding citizens so they have the capacity and wherewithal to grow companies, develop new business activities and acquire the skills to generate value as partner-employees was clearly an important mission undergirding

the Budget statement.

Achieving quality growth, selling jobs to Singaporeans, and assuring them that work pays – these provide the basis for a fairer and inclusive society. The transitional support to enable platform workers, and the companies they contract their labour to, to contribute to Central Provident Fund (CPF) accounts speaks to this commitment. The raising of the monthly income ceilings to require regular employees and employers to put even more into CPF accounts is another gesture of this.

When the state steps in to multiply the effects of work, it provides that dynamic from one household to the next; from one person who will experience the dignity and fulfilment of an active contribution to value-creation in the marketplace to the next. Seniors, the disabled and ex-offenders in need of a second chance also clearly have DPM Wong's mindshare.

In short, much continues to be put in, by public finance, to promote the belief that the best form of welfare is work.

REMAIN CLEAR-EYED ABOUT FISCAL CHALLENGES

Finally, it is plain from the occasional paper put out by DPM

Wong's ministry recently that there is a fiscal gap of \$7.5 billion to \$15 billion anticipated over the medium term for every financial year from 2026 to 2030. Economic growth beyond current projections will provide the fiscal resources to bridge that gap.

This is a Budget that says it is time to grasp the future with both hands, even if this must be with a clear-eyed view of the risks and disruptions around us. The needed social safety nets are strengthened, but far louder is the rallying call to find that fresh impulse to live and thrive.

This is because through the Covid-19 pandemic and the fallout from the Ukraine war, Singaporeans have proven to ourselves that we are far savvier and adaptive in stepping out of what has truly been an existential threat to a small and open economy like ours than we first imagined.

Lives and livelihoods have been saved in great measure, and Singapore's next prime minister is signalling that now is the time for Singapore to come together to build a better tomorrow.

• Dr Gillian Koh is deputy director (research) at the Institute of Policy Studies (IPS) and senior research fellow in the Governance and Economy Department.