

Singapore: 2023 Budget debate takes on domestic, conservative posture amid 4G leadership transition

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Singapore's 9-day debate on the 2023 Budget was characterized by an outsized focus on social policies and politically critical cost-of-living priorities. Aside from the usual suite of skills training and productivity initiatives, a substantial portion of the measures announced in the SGD 123.7 billion (USD 91.6 billion) Budget and ministries' plans aimed to address concerns over the cost of living and the retirement adequacy of vulnerable groups.

While the measures were framed as redistributive moves, they mainly offered short-term relief or fiscal buffer and did not have a significant impact on easing wealth or income inequality. The budget also drew criticism over its lack of forward-looking strategic vision to maintain Singapore's hub status amid rising U.S.-China tensions and a new international tax landscape following the OECD-led global tax minimum.

The Budget 2023 proceedings largely reflected the conservative posture adopted by Deputy Prime Minister Lawrence Wong and his 4G team ahead of the upcoming Presidential Election (Q3 2023) and the next General Election (by 2025). During the debate, the People's Action Party (PAP) government doubled down on its defense of sensitive public policy issues like housing affordability and Singaporeans' tax burden.

The PAP will maintain this position even as it seeks to "refresh" a new social compact alongside the planned leadership transition, reflecting aspirations to evolve from a paternalistic governance style to one where the citizenry has a greater stake in public policy outcomes. During this development phase, the 4G team is expected to limit policy moves to incremental steps before potentially launching more substantial reforms after the conclusion of the Forward Singapore public engagement exercise, which will reveal further glimpses of DPM Wong's leadership style at the helm of the 4G political leadership.

On the tech front, the government stepped up the pace of regulation to avoid potential blowback over high-stakes issues such as monetary losses from scams. New measures to tackle online criminal activities, such as online gambling, scams, and sexual abuse, will be introduced under the proposed Online Criminal Harms Act. Advisory guidelines on children's personal data will be released this year, while a potential classification scheme for online games is also being considered. Meanwhile, the government will provide low-income groups subsidized access to broadband Internet, following calls from civil society groups to address the widening digital divide exposed during the pandemic.

New implementation timelines and additional support for existing measures were also announced to further accelerate Singapore's green transition. A charge on disposable bags – first announced early last year – is set to kick in from July this year, while a government grant to co-fund the installation of electric vehicle chargers in private residences was extended for two years until the end of 2025.

The government will press on with plans to progressively raise carbon taxes in the next few years, amid continued criticism that the rate of increase remains too slow to support the country's climate ambitions. The Ministry of Sustainability and Environment further reiterated the government's plans to

achieve net zero emissions in the public sector by the recently-revised national target of 2050. Sustainability will now be a requirement for the government's tender evaluations, and statutory boards will be required to publish annual environmental sustainability disclosures from 2024.

Finally, the Ministry of Health (MOH) focused on reducing the growing fiscal burden of Singapore's ageing population, through incentives to encourage citizens to self-manage their health, and promote enrolment with a family doctor, among others. The MOH plans to table the Health Information Bill later this year, which seeks to integrate information from various healthcare providers and set out the legal framework for the sharing and protection of individuals' health data in Singapore. However, the MOH will face an uphill climb securing public confidence following several high-profile healthcare data breaches in recent years.

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