

5 things to watch for at Budget 2021

Deputy Prime Minister and Finance Minister Heng Swee Keat is presenting the 2021 Budget Statement this afternoon, the first one for this term of government following the General Election in July 2020. Mr Heng is likely to offer continued support during the Covid-19 pandemic while keeping focus on Singapore's long-term goals.

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Saving jobs and upskilling workers

The unemployment rate dipped for two consecutive months in December, but the labour market remains soft, with recovery likely to be protracted. Layoffs could continue to persist as businesses restructure. The Budget is likely to extend targeted relief for sectors that are hardest hit by Covid-19, namely aviation and hospitality, while offering broad-based support to workers to gain new skills.



Pushing for transformation

The pandemic has highlighted the urgent need for digital transformation, and companies that have weathered the storm are likely those that already began their digitalisation efforts even before the crisis. Nonetheless, the Budget could offer support for all other firms to improve their business models and adopt digital solutions, which would also help to improve productivity. More than solving existing challenges, this will position Singapore for future growth.



Tackling the climate crisis

The climate crisis is back on the agenda, after taking a brief backseat as the world focused on fighting the pandemic. Last week, five ministries jointly unveiled the Singapore Green Plan 2030 to chart the country's way towards a more sustainable future, with more details expected at the Budget. This comes after the Singapore parliament declared climate change a global emergency on Feb 1.



Enhancing the social safety net

Lower-income individuals were hardest hit by the pandemic with unemployment rates for non-PMETs rising more sharply than that for white-collar workers. Targeted programmes to support the needy are expected to feature at the Budget as the government moves to tackle inequality, which may have been worsened by Covid-19.



Bracing for a Budget deficit

Singapore could see a Budget deficit this year due to the economic crisis, while a balanced Budget will be very hard to achieve, Prime Minister Lee Hsien Loong said last November. The government typically begins a new term with a sizeable Budget surplus, thus making this year's Budget an unusual one. Economists are expecting this Budget to be expansionary but more calibrated and targeted.

The 2021 Budget Statement will be delivered live at 3pm by DPM Heng Swee Keat in Parliament today.

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