

Does Budget 2021 Adequately Address the Needs of Low-Income Groups?

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SPACE

Budget 2021
Singapore
Low-Income Communities
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What's the Budget again ah?

The Singapore Budget details the Singapore Government's **planned revenues and expenditures** for the next financial year. On Tuesday (Feb 16), DPM Heng Swee Keat delivered the Budget 2021 speech in parliament.



How come so important?

It outlines some measures the Government intends to take to address communities' needs. The schemes announced can significantly impact **low and middle income communities**.

Some **key concerns** include how COVID-19 has affected and will affect:

Singapore's
economic performance

Financial stability of
low-to-middle income groups

Increase in cost of living
to make up for deficits

1

2

3



Can Budget 2021 address the needs of low and middle income groups?

Cost of Living is set to rise as **GST** increases

The GST rate will rise from

7% to 9%

between 2022 to 2025.



Imposed on **imported low value goods & imported non-digital services.**

Rationale of **GST** increase

Singapore has been **spending more** in recent years

Government Healthcare spending has **tripled** in a decade.

\$3.7 billion in 2010
\$11.3 billion in 2019.



Economic uncertainties have elicited calls for **stronger social safety nets.**

Substantial budget deficits caused by COVID-19 relief

\$64.9 billion in 2020
S\$11 billion in 2021

*Disclaimer: this list of schemes and eligibility criteria is non-exhaustive.
Kindly refer to official sources for a complete list of schemes and eligibility criteria.*

Policies Helping with GST Increase

1 \$6 Billion Assurance Package

Offset the additional expenses incurred by GST rate increase for Singaporeans **by at least five years.**

For lower-income Singaporeans, this offset will be worth **at least 10 years.**



All adult Singaporeans will receive between

\$700 and \$1,600

over five years.

2 Household Support Package

Continue and enhance permanent GST Voucher scheme to defray GST expenses for lower and middle-income households.

Lower and middle-income Singaporeans to receive an additional **one-off cash payment of \$200.**



Eligible HDB

households

to receive between

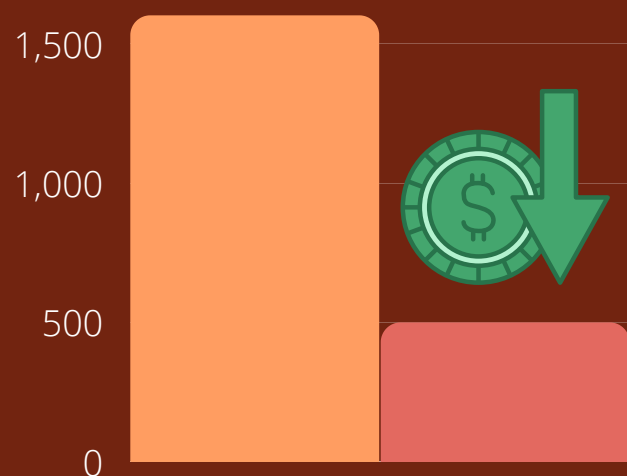
\$120-\$200.

2020 saw households in all income groups experience real decreases in income, with unemployment rates shooting to a 16-year high.

The lowest earners have been hardest hit by Covid-19.

Based on data from the Department of Statistics, the lowest earners recorded higher decreases in income than any other income groups.

Beyond Social Services' COVID-19 Report found amongst participating applicants for **Family Assistance Fund**,



Due to COVID-19, there had been a **69%** fall in median household income from **\$1,600 to \$500.**

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Policies to mitigate Job and Income Loss

Eligible employees who lost their jobs or are on involuntary no-pay leave for 3 consecutive months can receive

up to **\$700/month**
for **3 months.**



Eligible employees and self-employed persons with average income loss of $\geq 50\%$ for at least 3 consecutive months can receive

up to **\$500** for **3 months.**

1 COVID-19 Recovery Grant

to support business and self-employed persons in different sectors



**Arts and Culture
Resilience Package**



**Sports
Resilience Package**



\$133 million

COVID-19 Driver Relief Fund

to support taxi and private
hire car drivers.

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Policies to mitigate Job and Income Loss

2 Jobs Growth Incentive

For employers who **increase overall local workforce size AND number of local workers** earning **at least S\$1,400/month.**

Employers who hire **mature local workers, persons with disabilities, and ex-offenders** under wage support can receive support for **18 months.**

3 SGUNITED Jobs and Skills Package

Supports hiring of **200,000 locals**

provision of **35,000 traineeship opportunities** to upskill and access employment opportunities.

4 Household Support Package

\$100 CDC vouchers for each Singaporean household

Expanding ComLink to eventually cover **14,000 families with children**

How can the Budget be improved?

Are the schemes enough
to meet the needs of
all types of
low-income communities?

How about
Sex Workers?

Migrant
Workers?

Caregivers?



Tell Us Your Thoughts!

CAPE has been working with external partners to gather **changemakers** in the people sector, civil society and concerned citizens to engage in a **generative discussion** on **whether Budget 2021 adequately addresses the needs of our low-income communities.**

We need your voice. Join the conversation!

Please share your thoughts with us on this poll:

bit.ly/budget21poll

References

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