

REPUBLIC OF SINGAPORE

THE BUDGET

FOR THE FINANCIAL YEAR
1ST APRIL, 2002 TO 31ST MARCH, 2003

\$

OPERATING REVENUE	29,213,983,000
TAX REVENUE	22,904,943,000
FEES AND CHARGES	3,802,361,000
NET INVESTMENT INCOME CONTRIBUTION	2,390,000,000
OTHERS	116,679,000
Less:	
OPERATING EXPENDITURE	19,543,191,280
RUNNING COSTS	17,312,056,030
TRANSFERS	2,231,135,250
Less:	
DEVELOPMENT EXPENDITURE	8,785,278,900
GOVERNMENT DEVELOPMENT	4,282,185,100
CAPITAL GRANTS	3,093,216,800
PUBLIC HOUSING	1,409,877,000
BUDGET SURPLUS	885,512,820

THE FY2002 BUDGET

BUDGET OVERVIEW

The FY2002 Budget is summarised in *Table I* below. Annex A gives the Performance Review for FY2001.

Table I: THE FY2002 BUDGET

	Estimated FY2001	Revised FY2001	Estimated FY2002	Change over Revised FY2001	
	\$b	\$b	\$b	\$b	%
OPERATING REVENUE	34.27	31.53	29.21	-2.32	-7.3
Tax Revenue	28.33	24.03	22.90	-1.12	-4.7
Fees & Charges	5.00	4.63	3.80	-0.82	-17.8
Net Investment Income Contribution	0.86	2.74	2.39	-0.35	-12.8
Others	0.08	0.14	0.12	-0.02	-16.7
Less:					
TOTAL EXPENDITURE	28.05	27.69	28.33	0.64	2.3
Operating Expenditure	18.66	18.73	19.54	0.81	4.3
Development Expenditure	9.40	8.96	8.79	-0.18	-2.0
SURPLUS	6.22	3.84	0.89	-2.95	-76.9
Less:					
SPECIAL TRANSFERS	1.85	5.27			
New Singapore Shares	0.00	2.45			
CPF Top-Up Scheme	1.00	1.01			
ElderCare Fund	0.25	0.50	No Provision	n.a.	n.a.
Lifelong Learning Endowment Fund	0.50	0.50			
Skills Development Fund	0.00	0.50			
Community Assistance Fund	0.00	0.20			
Medical Endowment Fund	0.10	0.10			
BUDGET SURPLUS/DEFICIT(-)	4.37	-1.43			

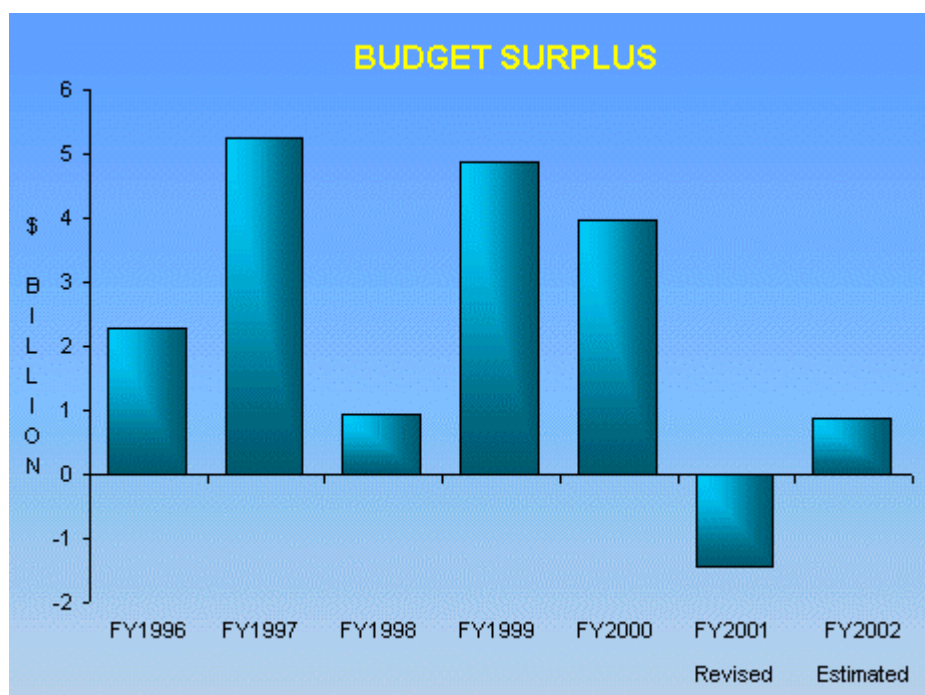
Note: Owing to "rounding-off" of data, sub-totals in the columns of the various summary tables need not necessarily add up to totals. Unless otherwise stated, all comparisons of increases and decreases are relative to Revised FY2001. All percentages are computed based on absolute figures.

BUDGET SURPLUS

The estimated out-turn for FY2002 is a budget surplus of \$885.51 million, with operating revenue at \$29.21 billion and total expenditure at \$28.33 billion. Further details are at Annex B.

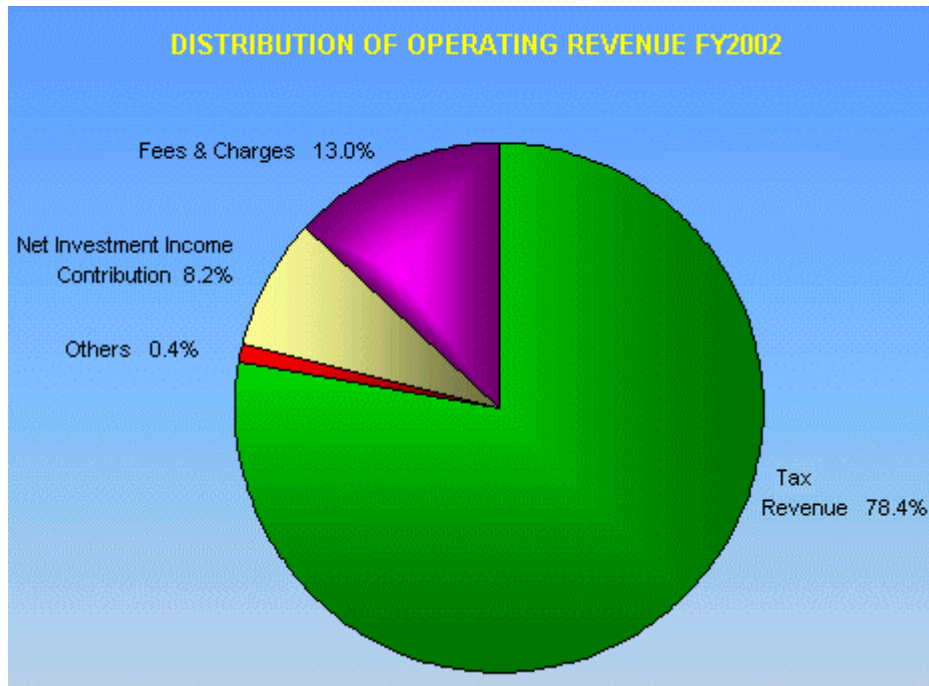
Government's budget policy continues to be characterised by restraint in Government expenditure. Total expenditure is kept at a level that can be sustained by operating revenue. Deficits are avoided unless the circumstances are exceptional.

The budget out-turns for the years FY1996 to FY2002 are shown in the following chart.



OPERATING REVENUE

The FY2002 operating revenue estimate of \$29.21 billion is lower than the revised FY2001 estimate by \$2.32 billion (-7.3%). The distribution of operating revenue by the main components of tax revenue, fees and charges, net investment income contribution and miscellaneous collection is shown in the chart below.



Tax Revenue

Tax revenue for FY2002 is estimated at \$22.90 billion, a decrease of \$1.12 billion (-4.7%). This mainly reflects lower collections from income tax, property tax and other taxes.

Corporate income tax and personal income tax collections are expected to fall by 1.3% to \$7.55 billion and 19.3% to \$3.47 billion respectively, due to tax cut for YA2002 and tax rebates. Receipts from property tax are projected to fall by 13.1% to \$1.35 billion due to the depressed property market and the effects of the off-budget measures announced in October 2001. On the other hand, GST is expected to increase by 8.6% to \$2.01 billion in line with the expected economic recovery in the later part of the year.

Fees and Charges

Revenue from fees and charges is projected at \$3.80 billion. This is 17.8% lower than the revised FY2001 figure, due to expected reduced Certificate of Entitlement (COE) collections.

Net Investment Income Contribution

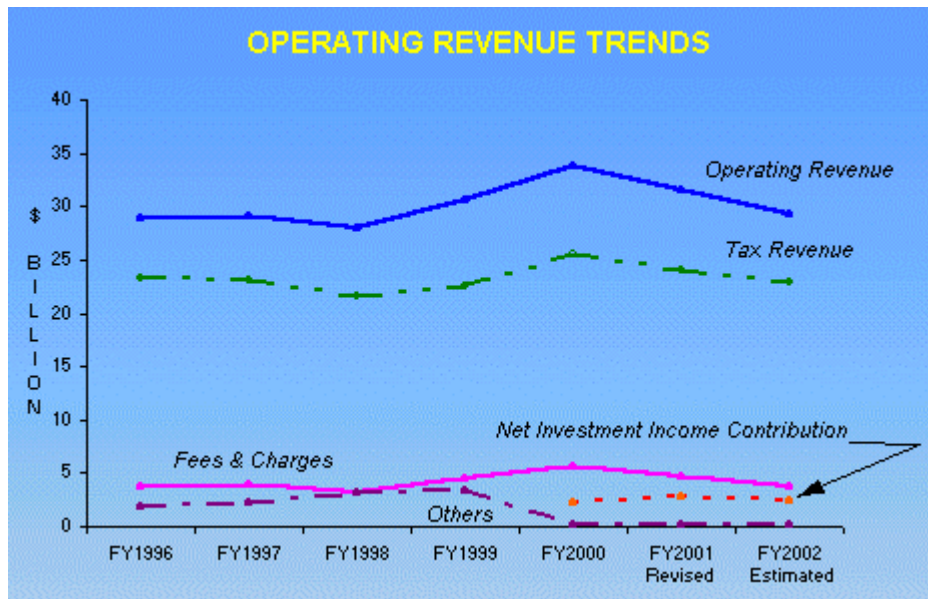
The contribution from net investment income is estimated at \$2.39 billion, compared to the FY2001 contribution of \$2.74 billion.

Miscellaneous Revenue

Other revenue, comprising loan-related and financial receipts, is estimated at \$116.68 million.

Operating Revenue Trends

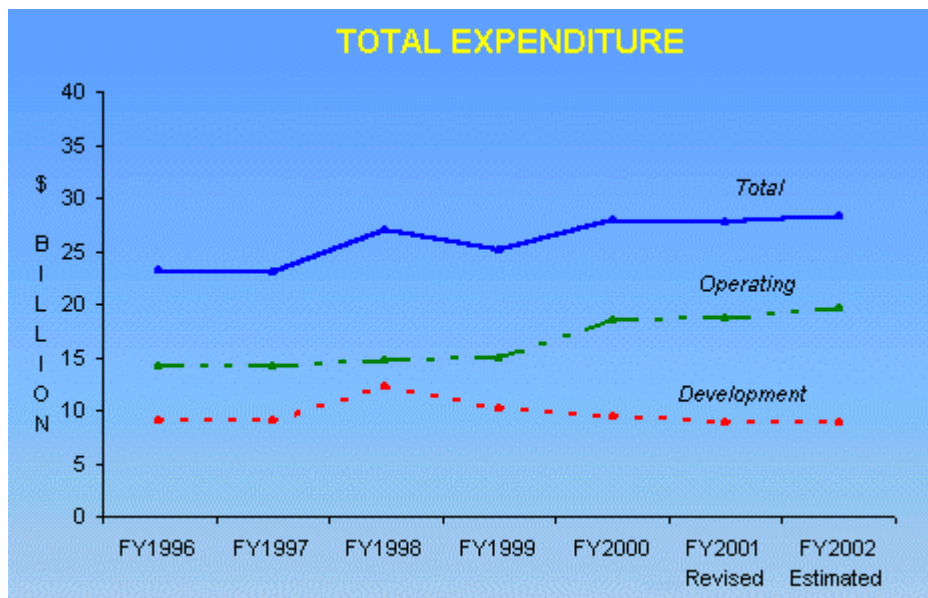
The operating revenue trends for FY1996 to FY2002 are summarised in the chart below.



EXPENDITURE

Total expenditure in FY2002 is estimated at \$28.33 billion, an increase of \$637.68 million or 2.3% over the revised FY2001 estimate.

The expenditure trends for FY1996 to FY2002 are summarised in the chart below.



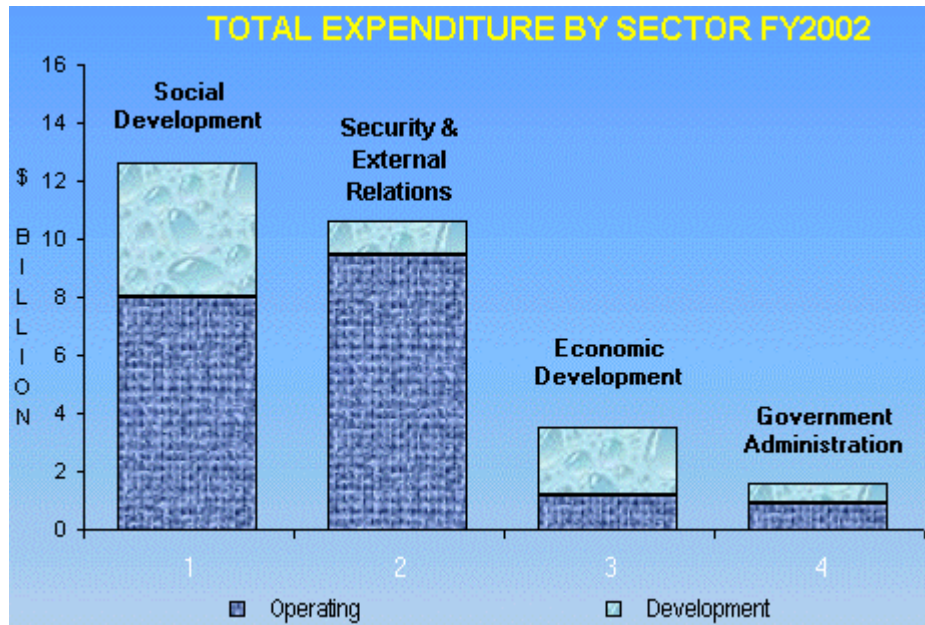
Of the total expenditure for FY2002, operating expenditure takes up 69% and development expenditure the remaining 31%. *Table II* summarises the distribution by sector and ministry with the percentage change from the revised FY2001 estimates.

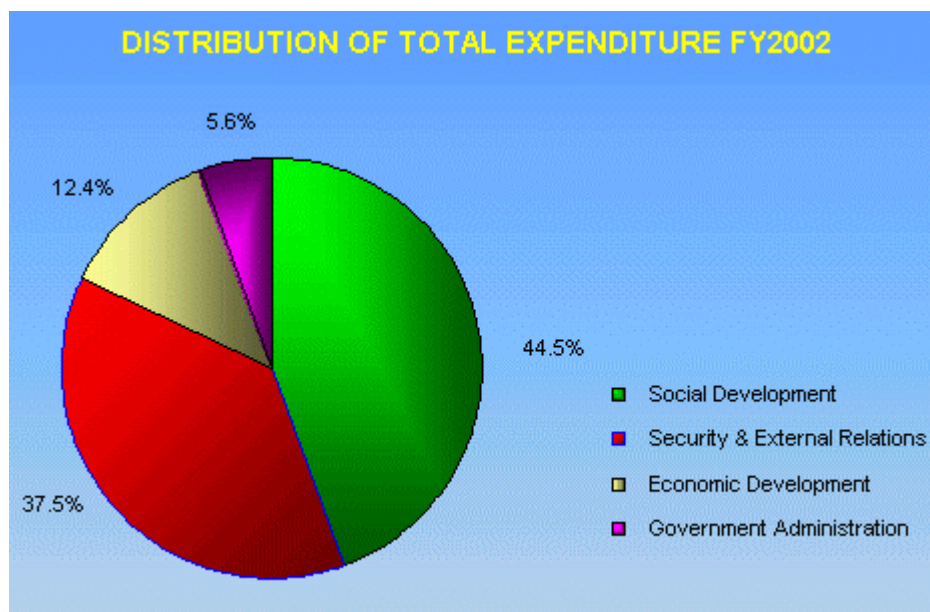
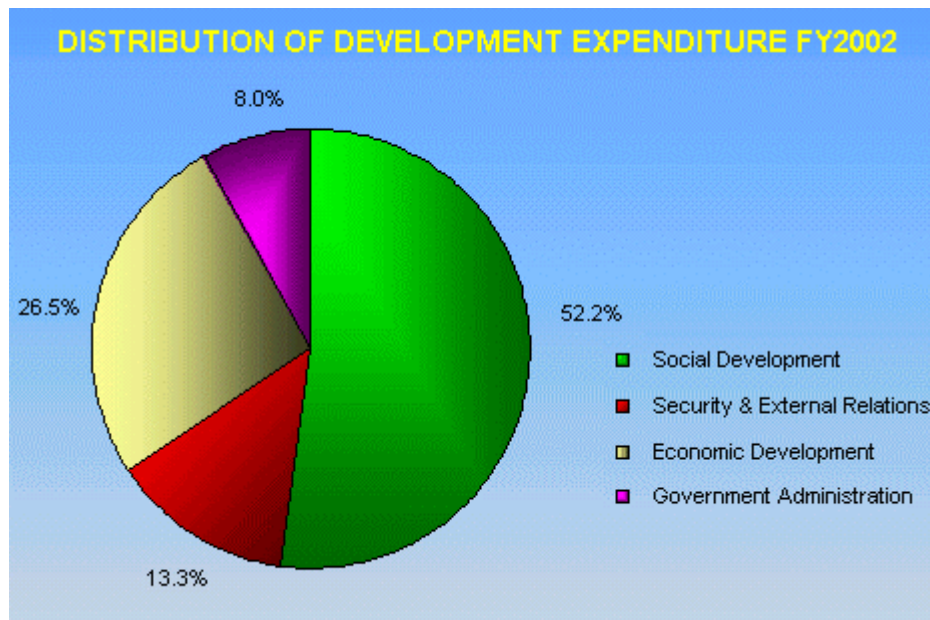
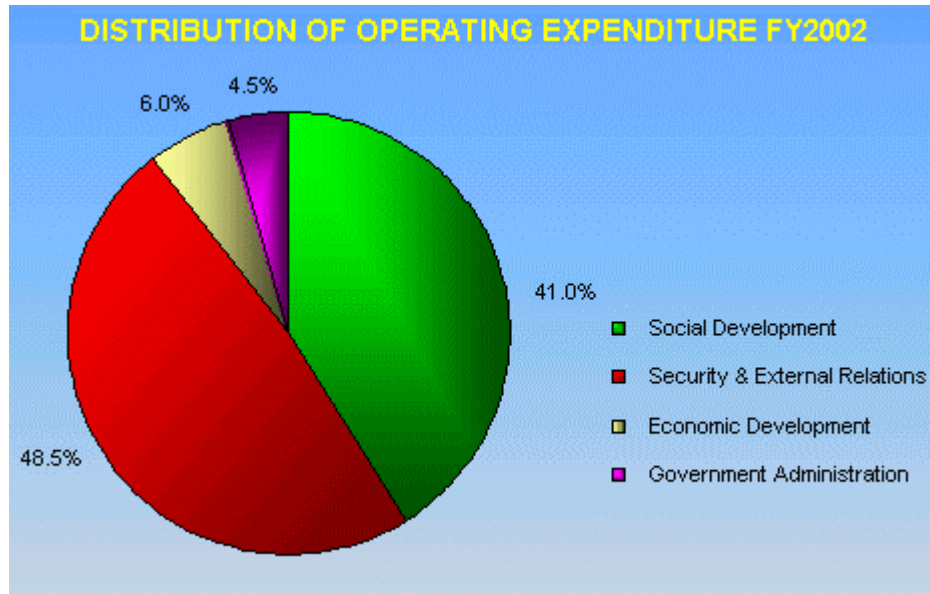
Table II: **FY2002 EXPENDITURE BY SECTOR AND MINISTRY**

Ministry	Operating Expenditure		Development Expenditure		Total Expenditure		
	\$m	% Change	\$m	% Change	\$m	% Change	% Allocation
SOCIAL DEVELOPMENT	8,023.13	2.2	4,585.94	8.3	12,609.07	4.4	44.51
Education	4,896.47	1.5	1,895.30	28.3	6,791.77	7.8	23.98
National Development	350.43	-12.3	1,552.93	-14.2	1,903.36	-13.9	6.72
Health	1,483.01	2.1	157.82	8.1	1,640.84	2.6	5.79
Environment	456.28	8.8	674.61	33.6	1,130.89	22.3	3.99
Community Development & Sports	598.36	15.6	118.33	-4.5	716.69	11.7	2.53
Information, Communications & the Arts (excluding Info-Communications Technology)	238.58	1.8	186.95	9.9	425.53	5.2	1.50
SECURITY & EXTERNAL RELATIONS	9,474.17	6.8	1,166.17	-15.5	10,640.34	3.8	37.56
Defence	7,695.00	8.5	509.00	-30.3	8,204.00	4.9	28.96
Home Affairs	1,567.19	-1.0	562.28	-3.2	2,129.47	-1.6	7.52
Foreign Affairs	211.98	7.6	94.89	37.8	306.87	15.4	1.08
ECONOMIC DEVELOPMENT	1,175.18	2.0	2,327.52	-22.5	3,502.70	-15.7	12.36
Transport	410.84	-5.0	1,222.28	-22.7	1,633.12	-18.9	5.76
Trade & Industry	569.09	1.7	1,015.10	-22.5	1,584.19	-15.3	5.59
Manpower	165.57	22.1	55.14	-38.9	220.71	-2.3	0.78
Info-Communications Technology	29.68	18.5	35.00	52.2	64.68	34.6	0.23
GOVERNMENT ADMINISTRATION	870.71	1.2	705.65	104.7	1,576.36	30.8	5.56
Finance	412.18	5.1	284.08	275.7	696.26	48.8	2.46
Law	105.58	-12.1	324.93	51.7	430.50	28.8	1.52
Organs of State	193.62	5.5	35.92	14.1	229.55	6.7	0.81
Prime Minister's Office	159.33	-3.0	60.72	158.1	220.05	17.2	0.77
TOTAL	19,543.19	4.3	8,785.28	-2.0	28,328.47	2.3	100.00

The Social Development sector takes up the largest share (44.5%) of total expenditure, followed by Security and External Relations (37.5%), Economic Development (12.4%) and Government Administration (5.6%).

The charts below show the expenditure allocations for FY2002 by sector, and the sectoral distribution of operating, development and total expenditure. The change in total expenditure between FY2001 and FY2002 by sector and ministry is given in Annex C.





Operating Expenditure

Operating expenditure for FY2002 is estimated at \$19.54 billion, an increase of \$813.61 million or 4.3% over FY2001. About 89% of the operating expenditure is for ministries' running costs on manpower expenditure (EOM), other operating expenditure (OOE) and grants to statutory boards and aided educational institutions (GIA). The remaining 11% is for transfer payments to members of the public and outside organisations.

Running Costs is projected to increase by 4.0% to \$17.31 billion because of higher EOM and OOE.

EOM is estimated to increase by 2.4% to \$3.56 billion. The increase is mainly for higher EOM for the Ministry of Education (MOE) for increased intake of teachers and the implementation of the revised Pay and Career Structure for the Education Service. The ministry's EOM for FY2002 is \$1.80 billion, up by \$101.73 million or 6.0%.

OOE is estimated to increase by 7.4% to \$10.26 billion. This includes a sum of \$7.67 billion for the Ministry of Defence (MINDEF).

GIA is estimated to decrease by 3.6% to \$3.49 billion. This is mainly due to lower grants for the National University of Singapore (NUS) and the polytechnics. The grant to NUS is lower because the revised FY2001 grant included a one-off provision of \$77.83 million for the refund to IRAS for over-claimed input GST as well as a contribution of \$33.50 million to the University Endowment Fund. Excluding these special provisions from the FY2001 figure, the grant for FY2002 (\$614.18 million) is expected to increase by 7.8% to cater to higher student intakes. Similarly, the grants to the polytechnics are lower because their revised FY2001 grants include provisions for the polytechnics to refund IRAS for over-claimed input GST. Excluding this item from the FY2001 figure, the grants to the polytechnics totalling \$558.49 million is expected to increase by 3.2%.

Expenditure on *Transfers* is estimated to increase by 7.2% to \$2.23 billion. The increase is mainly for the Ministry of Community Development and Sports (MCDS) and the Ministry of Health (MOH). The allocation to MCDS is increased by 27.8% to \$264.81 million mainly because of higher provisions for the grants under the Baby Bonus and Third Child Maternity Leave Scheme. The allocation to MOH is increased by 4.1% to \$1.13 billion mainly because of increased subventions to the restructured hospitals to cater for cost inflation and medical advancement.

Development Expenditure

Development expenditure is estimated to decrease by 2.0% to \$8.79 billion. Of this, a sum of \$4.79 billion forms direct expenditure for projects undertaken by the ministries. The remaining sum of \$4 billion forms capital grants for projects undertaken by the statutory boards and aided institutions.

Major on-going development projects undertaken by ministries include the selective en-bloc redevelopment scheme for public housing (\$385.80 million), the programme for rebuilding and improving existing Government primary and secondary schools (\$453.77 million), Phase 1 of the deep tunnel sewerage system (\$342.22 million) and the construction of Kallang and Paya Lebar Expressway (\$242.70 million).

The bulk of the capital grant goes to the statutory boards under MOE (\$1.14 billion), the Ministry of National Development (MND) (\$950.30 million), the Ministry of Trade and Industry (MTI) (\$861.22 million) and the Ministry of Transport (MOT) (\$658.81 million). MOE's provision is for the upgrading and development of facilities in the higher educational institutions and aided schools. The bulk of MND's provision is for capital grant to the Housing and Development Board for its bottom-line financing and upgrading programmes (\$901.38 million). The provision for MTI is mainly to fund the Science and Technology Plan 2005 (\$538.35 million). MOT's provision is mainly for the Land Transport Authority (\$658.81 million) for rail development projects.

OTHER FUND OUTLAYS**Other Consolidated Fund Outlays**

Other outlays from the Consolidated Fund are estimated at \$17.62 billion. Of this, \$16.09 billion or 91.3% is for transfers to the Development Fund (\$11.09 billion) and Developmental Investment Fund (\$5 billion).

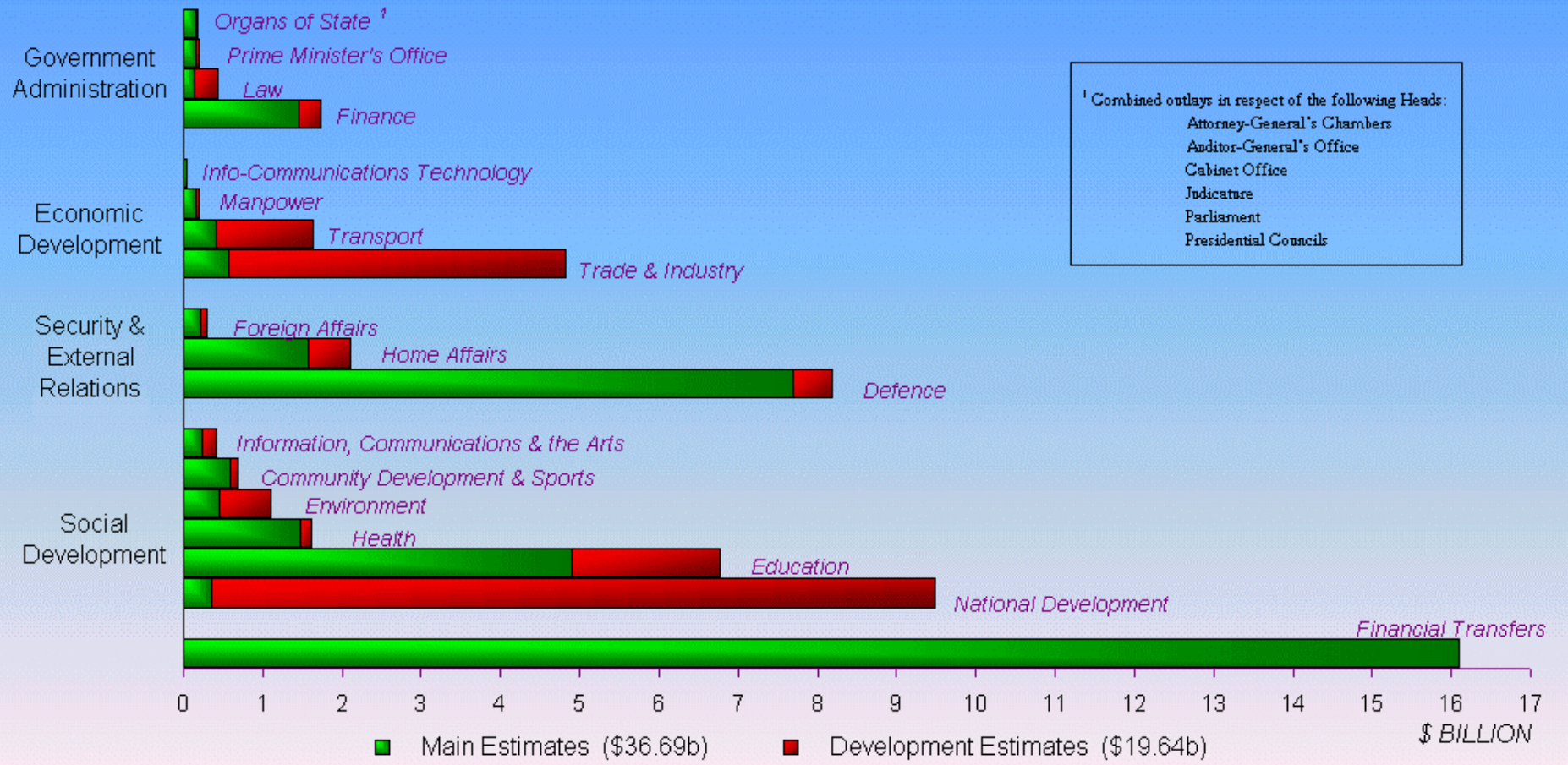
The balance of \$1.53 billion or 8.7% is for expenses on investments (\$1.05 billion), servicing the public debt (\$447.03 million) and agency fees on land sales (\$30.70 million).

Other Development Fund Outlays

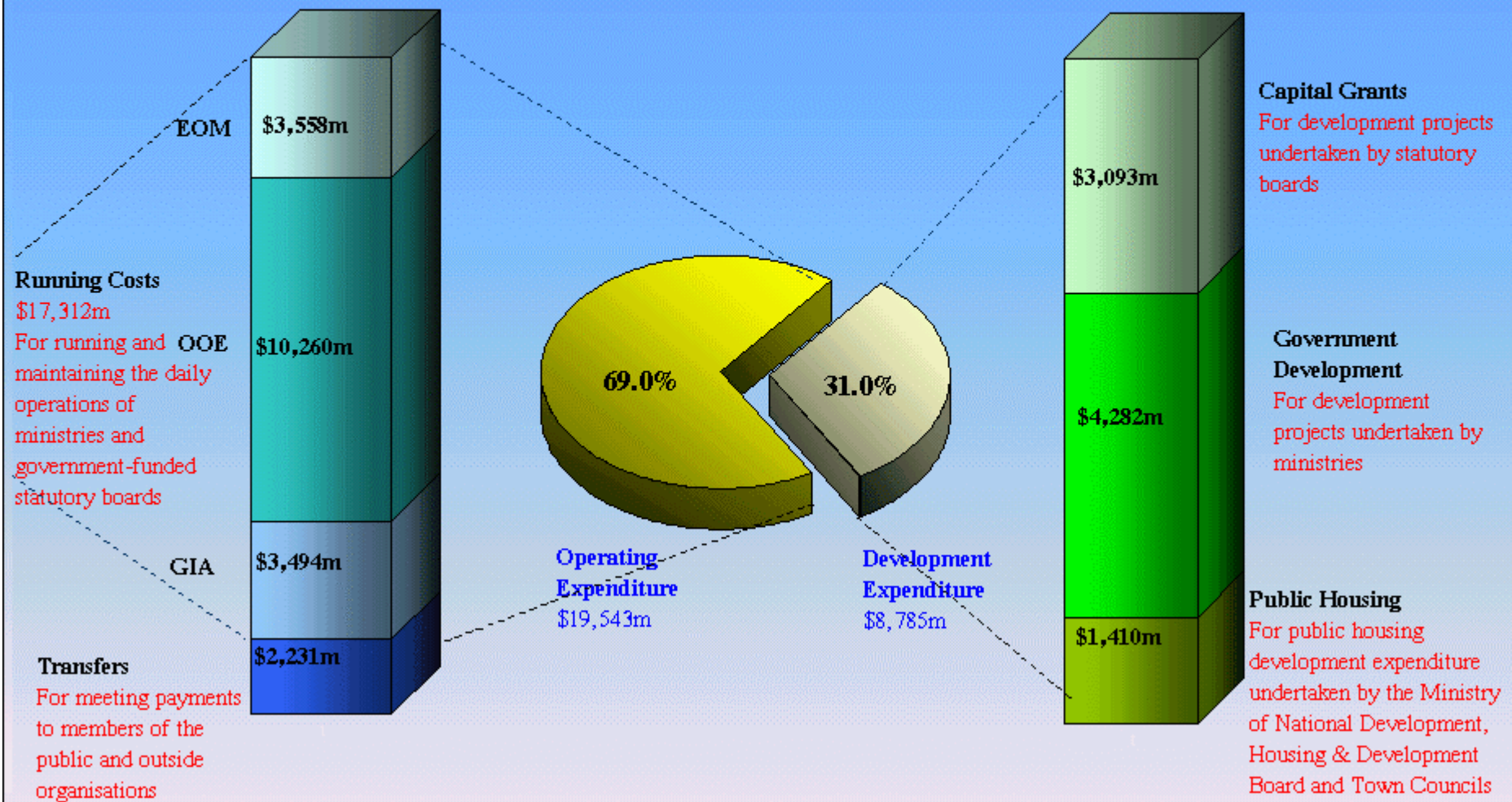
Other outlays from the Development Fund are estimated at \$10.86 billion. Of this, \$7.15 billion is for loans to the Housing and Development Board to fund the Mortgage Financing Loan, the Upgrading Financing Loan and the Housing Development Loan Schemes. The remaining loan provision of \$2.06 billion is for the Economic Development Board and the Standards, Productivity and Innovation Board to fund the various loan schemes under the Economic Development Assistance Scheme and the Local Enterprise Financing Scheme.

The balance of \$1.65 billion is for land-related expenditure. The ministries with land-related expenditure are MTI (\$1.19 billion), MND (\$448.34 million) and MOT (\$10.36 million).

TOTAL OUTLAYS TO BE VOTED FY2002



TOTAL EXPENDITURE (A FUNCTIONAL CLASSIFICATION)



FY2001 PERFORMANCE REVIEW

OVERVIEW

For FY2001, the revised estimate for operating revenue is \$31.53 billion and for total expenditure is \$27.69 billion. After discounting special transfers totalling \$5.27 billion, the budget deficit is \$1.43 billion.

A summary of the revised FY2001 operating revenue, operating expenditure and development expenditure estimates is given in *Table III* below.

Table III: THE REVISED FY2001 BUDGET

	Actual FY2000	Revised FY2001	Change over FY2000	
	\$b	\$b	\$b	%
OPERATING REVENUE	33.73	31.53	-2.20	-6.5
Tax Revenue	25.63	24.03	-1.60	-6.3
Fees & Charges	5.65	4.63	-1.02	-18.1
Net Investment Income Contribution	2.29	2.74	0.45	19.8
Others	0.16	0.14	-0.02	-13.6
Less:				
TOTAL EXPENDITURE	27.91	27.69	-0.22	-0.8
Operating Expenditure	18.41	18.73	0.31	1.7
Development Expenditure	9.49	8.96	-0.53	-5.6
SURPLUS	5.82	3.84	-1.98	-34.0
Less:				
SPECIAL TRANSFERS	1.83	5.27	3.43	187.0
New Singapore Shares	0.00	2.45	2.45	n.a.
CPF Top-Up Scheme	0.91	1.01	0.10	10.9
ElderCare Fund	0.30	0.50	0.20	66.7
Lifelong Learning Endowment Fund	0.50	0.50	0.00	0.0
Skills Development Fund	0.00	0.50	0.50	n.a.
Community Assistance Fund	0.00	0.20	0.20	n.a.
Medical Endowment Fund	0.00	0.10	0.10	n.a.
Medishield Scheme for the Elderly	0.11	0.00	-0.11	-100.0
Senior Pensioners Grant Scheme	0.01	0.00	-0.01	-100.0
BUDGET SURPLUS/DEFICIT(-)	3.98	-1.43	-5.41	-135.8

OPERATING REVENUE

The revised operating revenue for FY2001 is projected to be \$31.53 billion, a decrease of \$2.20 billion (-6.5%) over the FY2000 collection of \$33.73 billion. The decrease is due to lower tax revenue.

Tax Revenue

Tax Revenue is expected to fall by \$1.60 billion or 6.3% to \$24.03 billion. This is mainly due to the expected decrease in collection from Corporate income tax, statutory board contributions, Stamp Duty and Goods & Services Tax (GST).

Corporate income tax collection is projected to fall by 8.0% to \$7.65 billion in view of the economic downturn in FY2001.

Collection from statutory board contributions is also expected to decline by 27.7% to \$862.22 million in FY2001. The decline is due to the lower contribution from MAS as a result of its lower FY2000 accounting surplus.

Collection from stamp duty is expected to decrease by \$507.38 million (-40.4%) in FY2001. This is due to the weaker performance in the private residential property market, where lower volume of transactions and property prices would result in lower collections. It also take into account the 30% reduction in stamp duty rates on all chargeable instruments executed on or after 13 October 2001 until the end of 2002.

GST is expected to decrease by 12.8% to \$1.85 billion due to lower consumption as a result of poor economic conditions.

Fees and Charges

Total revenue from fees and charges is projected to be \$4.63 billion or 18.1% lower than the FY2000 collection of \$5.65 billion. This is due to the reduction in COE quota and vehicle premium.

Net Investment Income Contribution

Net investment income contribution is estimated at \$2.74 billion as compared to actual FY2000 of \$2.29 billion.

Miscellaneous Revenue

Other miscellaneous revenue is expected to decrease by 13.6% to \$140 million due to the lower collection of loan-related and other financial receipts.

EXPENDITURE

Total Expenditure

The revised total expenditure for FY2001 is estimated at \$27.69 billion, a decrease of \$217.66 million or 0.8% over actual FY2000. The decrease is due to lower development expenditure. Of the total expenditure, operating expenditure accounts for \$18.73 billion or 67.6% and development expenditure for \$8.96 billion or 32.4%.

Operating Expenditure

The revised FY2001 operating expenditure is higher than actual FY2000 expenditure by \$314.70 million or 1.7%. However, actual FY2000 expenditure includes the one-time compensation payment of \$1.94 billion for liberalising the telecommunications sector. Excluding this one-off item from the actual FY2000 figure, the revised operating expenditure is higher than actual FY2000 by \$2.26 billion or 13.7%. The increase is attributed mainly to MOE (+\$546.62 million), MINDEF (+\$528.98 million), MOH (+\$381.53 million) and the Ministry of Home Affairs (MHA) (+\$282.48 million). MOE's increase is due mainly to higher manpower expenditure arising from the implementation of the Pay and Career Structure of the Education Service and the provision for matching of contributions to the University Endowment Fund. MINDEF's increase is due to filling of essential vacancies and higher operating expenses. MOH's increase is due to higher provision for training and statutory boards, and the expansion of existing programmes and the implementation of new ones. MHA's increase is due to higher maintenance costs for new buildings as well as higher manpower costs arising mainly from the implementation of the FY2001 Home Affairs Uniformed Services (HUS) Career Review.

Development Expenditure

The revised FY2001 development expenditure is lower than actual FY2000 by \$523.7 million or 5.6%. However, actual FY2000 includes land-related expenditure which is reclassified as an expenditure item under Other Development Fund Outlays starting from FY2001. Excluding land-related expenditure, the actual FY2000 figure is \$8.37 billion and the increase of FY2001 over actual FY2000 is \$588.79 million or 7.0%. The increase is for MTI for the implementation of the Science and Technology Plan 2005 (\$573 million).

BUDGET OUT-TURN FY2000-2002

Particulars	Actual FY2000	Revised FY2001	Estimated FY2002	Change over FY2001	
	\$m	\$m	\$m	\$m	%
OPERATING REVENUE	33,726.3	31,530.3	29,214.0	-2,316.3	-7.3
Tax Revenue	25,627.6	24,025.2	22,904.9	-1,120.1	-4.1
Fees and Charges	5,649.7	4,625.1	3,802.4	-822.8	-17.8
Net Investment Income Contribution	2,286.9	2,740.0	2,390.0	-350.0	-12.8
Others	162.1	140.0	116.7	-23.3	-16.7
Less:					
TOTAL EXPENDITURE	27,908.5	27,690.8	28,328.5	637.6	2.3
OPERATING EXPENDITURE	18,414.9	18,729.6	19,543.2	813.6	4.3
Running Costs	15,047.3	16,648.1	17,312.1	664.0	4.0
Transfers	3,367.5	2,081.5	2,231.1	149.6	7.2
DEVELOPMENT EXPENDITURE	9,493.6	8,961.2	8,785.3	-175.9	-2.0
Government Development	4,808.4	3,766.9	4,282.2	515.3	13.7
Capital Grants	3,043.8	3,482.4	3,093.2	-389.2	-11.2
Public Housing	1,641.4	1,711.9	1,409.9	-302.1	-17.6
SURPLUS	5,817.9	3,839.5	885.5	-2,954.0	-76.9
Less:					
SPECIAL TRANSFERS	1,834.6	5,265.7	...	...	...
New Singapore Shares	0.0	2,450.0	...	...	...
CPF Top-Up Scheme	913.0	1,012.7	...	...	...
ElderCare Fund	300.0	500.0	...	...	...
Lifelong Learning Endowment Fund	500.0	500.0	...	...	...
Skills Development Fund	0.0	500.0	...	...	...
Community Assistance Fund	0.0	200.0	...	...	...
Medical Endowment Fund	0.0	100.0	...	...	...
Medishield Scheme for the Elderly	108.0	3.0	...	...	...
Senior Pensioners Grant Scheme	13.7	0.0	...	...	...
BUDGET SURPLUS/DEFICIT(-)	3,983.3	-1,426.2	...	...	...

TOTAL EXPENDITURE BY SECTOR AND MINISTRY FY2001-2002

Component	Revised FY2001		Estimated FY2002		Change over FY2001	
	\$m	% Allocation	\$m	% Allocation	\$m	%
SOCIAL DEVELOPMENT	12,080.18	43.6	12,609.07	44.5	528.90	4.4
Education	6,300.52	22.8	6,791.77	24.0	491.26	7.8
National Development	2,210.24	8.0	1,903.36	6.7	-306.88	-13.9
Health	1,599.04	5.8	1,640.84	5.8	41.80	2.6
Environment	924.36	3.3	1,130.89	4.0	206.52	22.3
Community Development & Sports	641.42	2.3	716.69	2.5	75.27	11.7
Information, Communications & the Arts	404.59	1.5	425.53	1.5	20.94	5.2
SECURITY & EXTERNAL RELATIONS	10,249.15	37.0	10,640.34	37.6	391.19	3.8
Defence	7,820.00	28.2	8,204.00	29.0	384.00	4.9
Home Affairs	2,163.34	7.8	2,129.47	7.5	-33.87	-1.6
Foreign Affairs	265.81	1.0	306.87	1.1	41.06	15.4
ECONOMIC DEVELOPMENT	4,156.50	15.0	3,502.70	12.4	-653.80	-15.7
Transport	2,013.14	7.3	1,633.12	5.8	-380.03	-18.9
Trade & Industry	1,869.39	6.8	1,584.19	5.6	-285.20	-15.3
Manpower	225.92	0.8	220.71	0.8	-5.21	-2.3
Info-Communications Technology	48.05	0.2	64.68	0.2	16.63	34.6
GOVERNMENT ADMINISTRATION	1,204.96	4.4	1,576.36	5.6	371.40	30.8
Finance	467.83	1.7	696.26	2.5	228.43	48.8
Law	334.23	1.2	430.50	1.5	96.27	28.8
Organs of State	215.08	0.7	229.55	0.8	14.47	6.7
Prime Minister's Office	187.82	0.8	220.05	0.8	32.23	17.2
TOTAL EXPENDITURE	27,690.79	100.0	28,328.47	100.0	637.68	2.3