

HEAD M

MINISTRY OF FINANCE

OVERVIEW

Mission Statement

To advance the well-being and development of Singapore through finance. We will accomplish this with:

- Superior stewardship and prudent investment of public funds
- A financial environment conducive to business and enterprise
- Policies and frameworks which enhance excellence in the public sector
- Practices and results which distinguish MOF as a World Class Organisation

FY2006 EXPENDITURE ESTIMATES

Expenditure Estimates by Object Class

Code	Object Class	Actual FY2004	Estimated FY2005	Revised FY2005	Estimated FY2006	Change over FY2005	
	TOTAL EXPENDITURE	\$626,257,657	\$785,951,580	\$733,762,700	\$572,109,450	-\$161,653,250	-22.0%
	Main Estimates						
	OPERATING EXPENDITURE	\$317,800,607	\$367,744,380	\$358,906,000	\$462,658,550 (i)	\$103,752,550	28.9%
	<i>RUNNING COSTS</i>	\$308,182,249	\$356,053,880	\$347,217,410	\$447,287,230	\$100,069,820	28.8%
1000	Expenditure on Manpower	\$50,678,135	\$62,129,800	\$55,154,300	\$77,303,700	\$22,149,400	40.2%
1200	Political Appointments	807,793	2,925,300	1,698,400	2,962,300	1,263,900	74.4
1500	Permanent Staff	49,843,839	59,128,000	53,394,400	74,264,900	20,870,500	39.1
1600	Temporary, Daily-Rated & Other Manpower	26,504	76,500	61,500	76,500	15,000	24.4
2000	Other Operating Expenditure	\$257,504,115	\$291,912,780	\$288,905,510	\$348,294,430	\$59,388,920	20.6%
2100	Supplies & Services	250,632,047	284,390,130	282,286,790	338,666,150	56,379,360	20.0
2300	Manpower Development	4,162,635	4,486,050	3,167,790	3,993,760	825,970	26.1
2400	Public Relations & Exercises	1,853,057	1,202,220	1,551,150	2,418,140	866,990	55.9
2700	Equipment	794,090	1,794,380	1,781,980	2,849,080	1,067,100	59.9
2800	Financial Claims & Legal Expenses	62,286	40,000	117,800	367,300	249,500	211.8
3000	Operating Grant	\$0	\$2,011,300	\$3,157,600	\$21,689,100	\$18,531,500	586.9%
3100	Operating Grant to Statutory Boards	0	2,011,300	3,157,600	21,689,100	18,531,500	586.9

(i) Includes \$11,167,600 statutory expenditure (Subvention).

Expenditure Estimates by Object Class - continued

Code	Object Class	Actual FY2004	Estimated FY2005	Revised FY2005	Estimated FY2006	Change over FY2005	
	TRANSFERS	\$9,618,358	\$11,690,500	\$11,688,590	\$15,371,320	\$3,682,730	31.5%
3600	Subventions	9,618,358	11,690,500	11,688,590	15,371,320	3,682,730	31.5
	OTHER CONSOLIDATED FUND OUTLAYS	\$676,066,197	\$1,004,400,000	\$1,289,400,000	\$1,379,200,000 (i)	\$89,800,000	7.0%
4200	Expenses on Investments	676,066,197	1,004,400,000	1,289,400,000	1,379,200,000	89,800,000	7.0
	Development Estimates						
	DEVELOPMENT EXPENDITURE	\$308,457,050	\$418,207,200	\$374,856,700	\$109,450,900	-\$265,405,800	-70.8%
5100	Direct Development	298,857,050	418,207,200	374,856,700	109,450,900	-265,405,800	-70.8
5300	Capital Injections	9,600,000	0	0	0	0	0.0
	OTHER DEVELOPMENT FUND OUTLAYS	\$9,600,000	\$0	\$0	\$0	\$0	0.0%
5600	Loans	9,600,000	0	0	0	0	0.0
9100	Loan Repayment	0	0	0	0	0	0.0
	Net Lending	9,600,000	0	0	0	0	0.0

Establishment List

Category/Personnel	Actual FY2004	Estimated FY2005	Revised FY2005	Estimated FY2006	
POLITICAL APPOINTMENTS	3	3	3	(3)	3
Minister	2	2	2	(2)	2
Minister of State	1	1	1	(1)	1
PERMANENT STAFF	798	840	810	(773)	1,126
Accounting Profession	49	49	49	(49)	51
Administrative	21	21	15	(12)	22
Corporate Support	160	162	145	(142)	355
Driving	0	1	0	(0)	0
Management Executive (Finance)	122	129	131	(129)	195
Management Support	35	35	36	(36)	65
Operations Support	13	11	11	(12)	17
Shorthand Writers	13	14	14	(12)	12
Singapore Customs Officer	232	247	243	(235)	243
Singapore Customs Specialist	153	171	166	(146)	166

Figures in brackets shown in the "Revised FY2005" column of the Establishment List denote actual staff strength.

(i) Statutory expenditure.

Establishment List - continued

Category/Personnel	Actual FY2004	Estimated FY2005	Revised FY2005		Estimated FY2006
TEMPORARY, DAILY-RATED AND OTHER MANPOWER	0	0	15	(10)	48
Corporate Support	0	0	0	(0)	33
Singapore Customs Officer	0	0	9	(4)	9
Singapore Customs Specialist	0	0	6	(6)	6
OTHERS	1,848	1,950	1,793	(1,743)	1,738
Inland Revenue Authority of Singapore	1,848	1,950	1,793	(1,743)	1,738
TOTAL	2,649	2,793	2,621	(2,529)	2,915

FY2005 BUDGET

Total expenditure of the Ministry of Finance (MOF) in FY2005 is expected to be \$733.76 million (excluding Expenses on Investments or EOI). This is an increase of \$107.51 million or 17.2% over the actual FY2004 expenditure of \$626.26 million.

Operating expenditure in FY2005 is expected to be \$358.91 million, which is an increase of \$41.11 million or 12.9% over the actual FY2004 expenditure of \$317.80 million. The increase is primarily due to higher Inland Revenue Authority of Singapore agency fees arising from larger than expected tax collection, and higher provisions for the Programme Central Vote.

Development expenditure in FY2005 is expected to be \$374.86 million, an increase of \$66.40 million or 21.5% over the actual FY2004 expenditure of \$308.46 million. The increase is mainly due to higher expenditure from the Projects Central Vote, which funds new initiatives by Ministries during the financial year.

EOI is expected to be \$1.29 billion, an increase of \$613.33 million or 90.7% over the actual FY2004 expenditure of \$676.07 million. This is due to higher assets base and trading volume.

FY2006 BUDGET

Total expenditure for FY2006 is projected to be \$572.11 million (excluding EOI), which is a decrease of \$161.65 million or 22.0% compared to the revised FY2005 total expenditure.

Operating Expenditure

The projected operating expenditure of \$462.66 million is an increase of \$103.75 million or 28.9% over the revised FY2005 operating expenditure. The increase is mainly due to expenditure to organise the 2006 Annual Meeting of the International Monetary Fund and the World Bank Group in Singapore, as well as provisions for a new department – Centre for Shared Services (CSS). The CSS provides efficient and high-quality corporate services, such as Human Resource and Finance services, to public agencies.

The IRAS programme is projected to take up the largest share of operating expenditure (\$208.68 million or 45.1%). This is followed by Finance HQ (\$155.84 million or 33.7%), Singapore Customs (\$58.01 million or 12.5%), Accounting Services (\$21.68 million or 4.7%) and Centre for Shared Services (\$18.45 million or 4.0%)

Inland Revenue Authority of Singapore Programme

IRAS is paid an agency fee to administer, assess, collect, and enforce payment of income and property tax, GST, estate duties, stamp duties, and other taxes on behalf of Government. Based on the expected tax revenue collection, MOF has allocated an agency fee budget of \$208.68 million for this item, which is an increase of \$578,000 or 0.3% over the revised FY2005 expenditure.

Finance Programme

An operating expenditure of \$155.84 million is provided for the Finance HQ Programme for FY2006. This is an increase of \$80.51 million or 106.9% over the revised FY2005 expenditure. The increase is mostly due to higher costs of preparing for the International Monetary Fund/World Bank 2006 Annual Meeting in Singapore.

A sum of \$20.25 million is provided to the Government Chief Information Office (GCIO) of Infocomm Development Authority of Singapore to carry out its role as the chief planner of civil service-wide computerisation programmes. The Office will facilitate and support the initiatives under the eGovernment Action Plan.

Singapore Customs Programme

Singapore Customs collects customs and excise duties as well as GST on imported and excisable goods. It is the lead agency on trade facilitation and revenue enforcement matters. It is responsible for implementation of customs and trade enforcement measures including those related to free trade agreements and strategic goods. Operating expenditure of Singapore Customs is projected to be \$58.01 million, an increase of \$2.38 million or 4.3% over the revised FY2005 expenditure.

Expenses on Investments

The FY2006 provision for EOI of \$1.38 billion is an increase of \$89.80 million or 7.0%, over the revised FY2005 EOI expenditure.

Development Expenditure

Development expenditure for FY2006 is projected to be \$109.45 million, which is a decrease of \$265.41 million or 70.8% compared with the revised FY2005 development expenditure of \$374.86 million. This is mainly due to a reduction in the provision for Projects Central vote held centrally by MOF to fund new initiatives by Ministries during the year.

Total Expenditure by Programme

Code	Programme	Running Costs	Transfers	Operating Expenditure	Development Expenditure	Total Expenditure
MA	Finance	140,553,380	15,289,320	155,842,700	105,882,100	261,724,800
MC	Accounting Services	21,680,450	0	21,680,450	71,300	21,751,750
MG	Centre for Shared Services	18,446,700	0	18,446,700	497,500	18,944,200
MO	Singapore Customs	57,928,700	82,000	58,010,700	3,000,000	61,010,700
MP	Inland Revenue Authority of Singapore	208,678,000	0	208,678,000	0	208,678,000
Total		\$447,287,230	\$15,371,320	\$462,658,550	\$109,450,900	\$572,109,450

Development Expenditure by Project

Project Title	Total Project Cost	Actual Expenditure up to end of FY2003	Actual FY2004	Estimated FY2005	Revised FY2005	Estimated FY2006
DEVELOPMENT EXPENDITURE	...	...	\$308,457,050	\$418,207,200	\$374,856,700	\$109,450,900
Direct Development	...	...	298,857,050	418,207,200	374,856,700	109,450,900
Finance Programme						
Minor Improvement and Development Projects	...	...	510,440	400,000	224,900	100,000
New Projects	...	...	0	867,400	0	1,500,000
Technology Experimentation (TE) Programme for the Public Sector	5,171,000	698,531	378,848	710,600	147,000	300,000
Public Services Online Programme II (PS Online II)	36,894,100 (i)	13,814,359	10,443,713	8,096,900	7,782,600	2,378,700
Development and Implementation of the Singapore Government Metadata Standards (SGMS)	5,947,182	405,992	1,045,420	1,708,400	1,708,900	1,091,500
Secure Desktop	340,000	0	0	0	270,500	67,700
Centrally Administered Desktop Firewall Systems (CADS)	1,659,000	0	97,455	0	302,100	444,200
Central Vote for New Projects	...	...	279,902,320	400,000,000	360,000,000	100,000,000
Accounting Services Programme						
Minor Development Project for AGD	...	...	83,946	0	213,800	71,300
Centre for Shared Services Programme						
Minor Improvement and Development Projects	...	...	0	0	0	497,500
Singapore Customs Programme						
InfoPort	36,220,000	0	0	4,840,700	444,200	378,000
Minor Improvement and Development Projects	...	...	389,474	900,000	1,877,900	2,622,000
Completed Projects	...	...	6,005,436	683,200	1,884,800	0
Capital Injections	...	...	9,600,000	0	0	0
Completed Projects	...	...	9,600,000	0	0	0

(i) From the original \$48,274,100, \$11,380,000 has been set aside for funding of eTown development projects commencing in FY2005.

Other Development Fund Outlays

Project Title	Total Project Cost	Actual Expenditure up to end of FY2003	Actual FY2004	Estimated FY2005	Revised FY2005	Estimated FY2006
Other Development Fund Outlays	\$9,600,000	\$0	\$0	\$0
Loans	9,600,000	0	0	0
Completed Projects	9,600,000	0	0	0

KEY PERFORMANCE INDICATORS

Desired Outcomes

- A government that lives within its means
- A government that plans for effective use of public funds
- A regulatory environment conducive for business and enterprise
- A leading e-government
- A ministry that is efficient and effective

Key Performance Indicators

Desired Outcome	Performance Indicator	Actual FY2003	Actual FY2004	Revised FY2005	Projected FY2006
	Government Revenue				
A government that lives within its means	Government operating revenue as % of GDP	15.3	15.1	13.9	14.0
	Government Expenditure				
	Government expenditure as a % of GDP	17.2	15.9	14.6	14.8
	Fiscal Sustainability				
	Draw on past reserves	No	No	No	No
	Standard & Poor's sovereign risk rating	AAA	AAA	AAA	AAA
	Budget Marksmanship				
A government that plans for effective use of public funds	Government operating revenue as % of budgeted revenue (excluding Net Investment Income Contribution)	95.0	98.4 (i)	95.1 (i)	97.0
	Government expenditure as % of budgeted expenditure (excluding special transfers)	95.2	95.1	97.2	95.0
	Balanced Expenditure Across Sectors				
	Economic expenditure as % of total expenditure	12.7	13.4	13	13
	Social expenditure as % of total expenditure	45.6	44	40	41
	Security expenditure as % of total expenditure	37.1	37	42	42
	Government Administration expenditure as % of total expenditure	4.6	5.6	5	4
	Internationally Competitive Taxes				
A regulatory environment conducive for business and enterprise	Institute for Management Development World Competitiveness Yearbook: "Real corporate taxes do not discourage entrepreneurial activity"	2 nd	2 nd	4 th	4 th or better

(i) After consideration of various tax measures announced during Budget Day.

Key Performance Indicators - continued

Desired Outcome	Performance Indicator	Actual FY2003	Actual FY2004	Revised FY2005	Projected FY2006
	Institute for Management Development World Competitiveness Yearbook: "Collected total tax revenue as a % of GDP (i)"	14 th	11 th	10 th	10 th or better
	World Economic Forum Global Competitiveness Report: "Efficiency of tax system"	2 nd	4 th	4 th	4 th or better
	Trade Facilitation				
	Institute for Management Development World Competitiveness Yearbook: "Customs authorities do facilitate the efficient transit of goods"	2 nd	1 st	1 st	2 nd or better
	Corporate Regulation				
	World Economic Forum Global Competitiveness Report: "Starting a business is generally easy"	6 th	4 th	4 th	4 th or better
	E-government Implementation				
A leading e-government	World Economic Forum Global Information Technology Report: "Networked Readiness Index"	2 nd	1 st	1 st	2 nd or better
	% of transacting public who had at least 1 electronic transaction with the Government	73	88	90	90
	% of interactive e-services handling at least 80% of total transactions	71.1	77.8	80	90
	% of public consultation conducted online	62	80.5	100	100
	Customer Centric Service Levels				
A ministry that is efficient and effective	% of TradeNet declarations processed within 10 minutes by Singapore Customs	97.4	97.7	90	90
	% of requests for business profiles provided by ACRA within 30 minutes upon payment	n.a.	90.8	90	91
	% of applications for tax refunds processed by IRAS within 30 days	99	100	100	100
	% of application for Certificates of Origin processed by Singapore Customs within 2 hours	n.a.	100	100	100
	Efficiency of Revenue Collections				
	Cost per dollar of revenue collected by Singapore Customs	\$0.012	\$0.011	\$0.015	\$0.012
	Cost per dollar of tax collected by IRAS	\$0.0101	\$0.0102	\$0.0091	\$0.0093

(i) There is a two year lag in the data collected and published by IMD. 14th place for FY2003 would be based on FY2001's tax revenue and GDP figures.