



REPUBLIC OF SINGAPORE

## EXPENDITURE ESTIMATES

FOR THE FINANCIAL YEAR  
1ST APRIL 2006 TO 31ST MARCH 2007

	\$
<b>OPERATING EXPENDITURE</b>	<b>24,478,686,930</b>
Running Costs	19,932,753,620
Transfers	4,545,933,310
 <b>DEVELOPMENT EXPENDITURE</b>	 <b>6,138,811,300</b>
Direct Development	2,931,507,700
Capital Grant	3,194,269,200
Capital Injections	13,034,400
 <b>TOTAL EXPENDITURE</b>	 <b>30,617,498,230</b>
 <b>OTHER CONSOLIDATED FUND OUTLAYS</b>	 <b>8,125,722,670</b>
Agency Fees on Land Sales	17,678,670
Expenses on Investments	1,379,200,000
Debt Servicing	140,850,000
Financial Transfers	3,000,000,000
Special Transfers	3,587,994,000
 <b>OTHER DEVELOPMENT FUND OUTLAYS</b>	 <b>6,004,530,700</b>
Loans	4,709,721,800
Land-related Expenditure	1,294,808,900

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## THE FY2006 EXPENDITURE ESTIMATES

### OVERVIEW

The FY2006 expenditure estimates are summarised in *Table I* below. Annex A gives the Performance Review for FY2005.

*Table I: THE FY2006 EXPENDITURE ESTIMATES*

	Estimated FY2005	Revised FY2005	Estimated FY2006	Change over Revised FY2005	
	\$b	\$b	\$b	\$b	%
<b>TOTAL EXPENDITURE</b>	<b>29.68</b>	<b>28.85</b>	<b>30.62</b>	<b>1.77</b>	<b>6.1</b>
Operating Expenditure	21.68	21.59	24.48	2.89	13.4
Development Expenditure	8.00	7.25	6.14	-1.12	-15.4
<b>OTHER CONSOLIDATED FUND OUTLAYS</b>	<b>4.38</b>	<b>5.48</b>	<b>8.13</b>	<b>2.65</b>	<b>48.3</b>
Agency Fees On Land Sales	0.02 <sup>1/</sup>	0.02 <sup>1/</sup>	0.02 <sup>1/</sup>	0.00	7.8
Expenses On Investments	1.00	1.29	1.38	0.09	7.0
Debt Servicing	0.20	0.20	0.14	-0.06	-30.7
Financial Transfers	3.10	3.10	3.00	-0.10	-3.1
Special Transfers	0.06	0.87	3.59	2.71	310.2
<b>OTHER DEVELOPMENT FUND OUTLAYS</b>	<b>6.40</b>	<b>4.68</b>	<b>6.00</b>	<b>1.33</b>	<b>28.3</b>
Loans	5.07	3.74	4.71	0.97	25.8
Land-Related Expenditure	1.33	0.93	1.29	0.36	38.5
<b>TOTAL EXPENDITURE ESTIMATES</b>	<b>40.46</b>	<b>39.01</b>	<b>44.75</b>	<b>5.74</b>	<b>14.7</b>

<sup>1/</sup> Absolute figures for FY2005 and FY2006 are \$16,398,470 and \$17,678,670 respectively.

(Notes: Figures will not tally due to rounding.)

### TOTAL EXPENDITURE

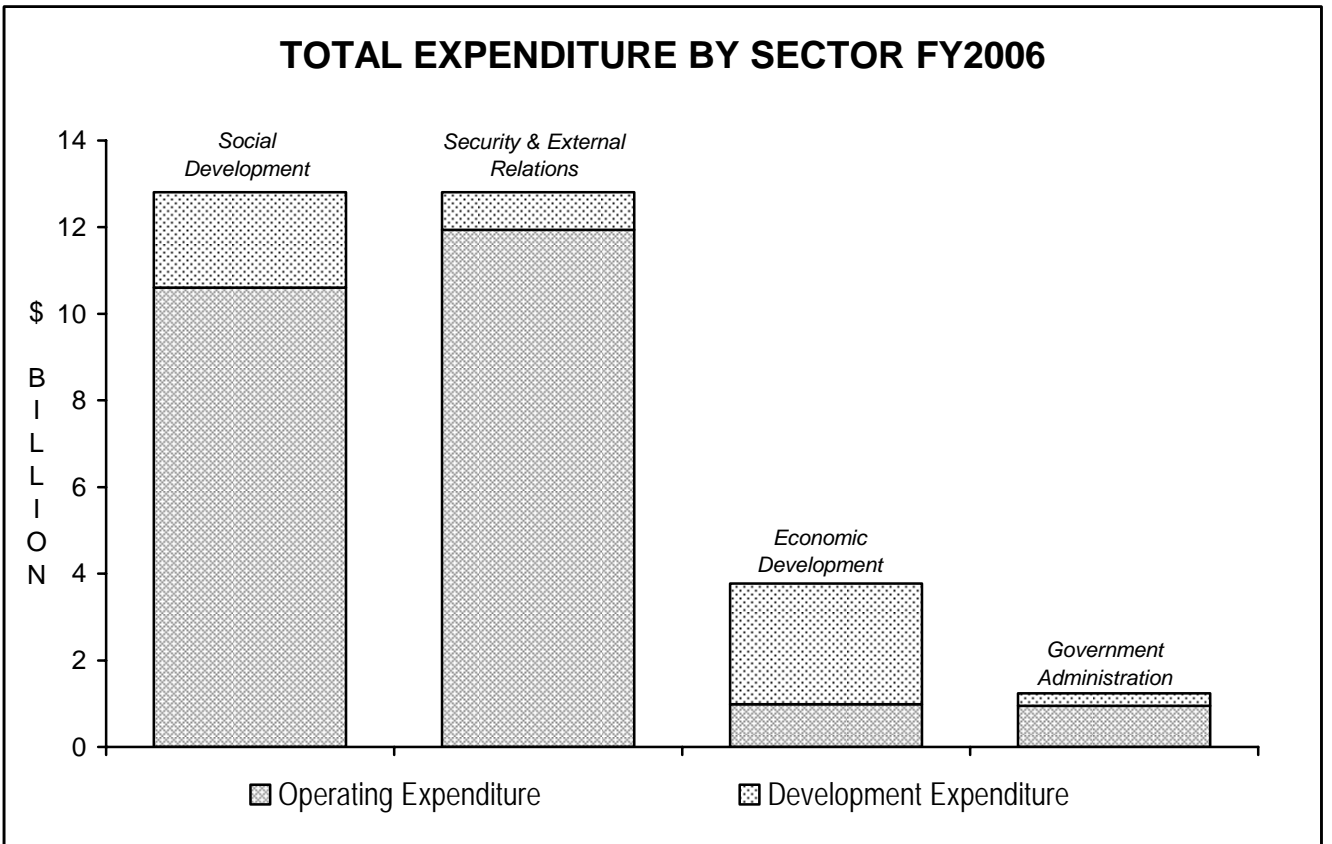
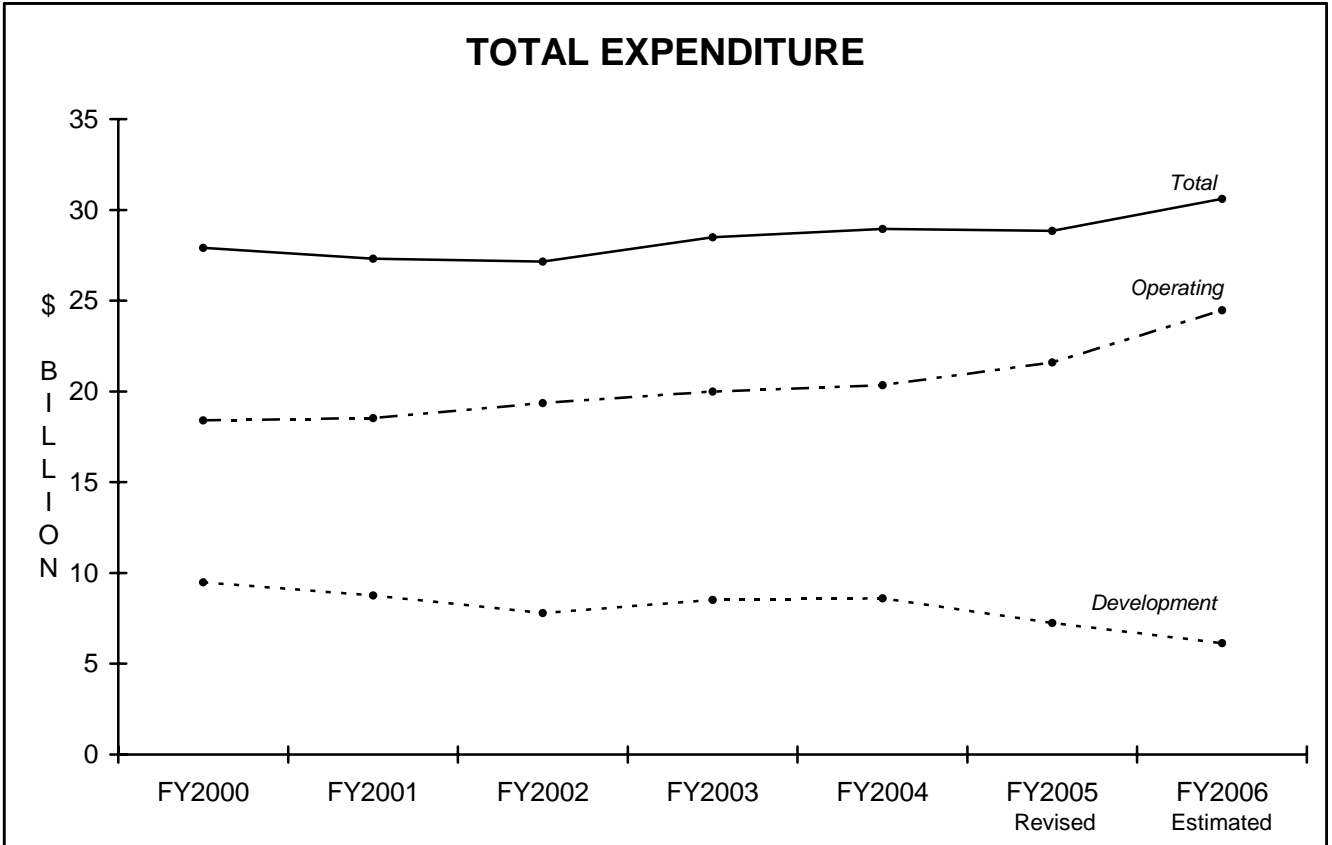
Total expenditure in FY2006 is estimated at \$30.62 billion, an increase of \$1.77 billion or 6.1% over the revised FY2005 estimate. The distribution by sector and ministry and the change over revised FY2005 is given in *Table II*. Social Development and Security & External Relations account for 41.8% each, followed by Economic Development (12.3%) and Government Administration (4.1%).

Table II: FY2006 EXPENDITURE BY SECTOR AND MINISTRY

Ministry	Operating Expenditure		Development Expenditure		Total Expenditure		
	\$b	% Change	\$b	% Change	\$b	% Change	% Allocation
<b>SOCIAL DEVELOPMENT</b>	<b>10.61</b>	<b>19.8</b>	<b>2.20</b>	<b>-26.7</b>	<b>12.80</b>	<b>8.1</b>	<b>41.8</b>
Education	6.36	21.5	0.61	-29.9	6.97	14.1	22.8
Health	1.81	6.3	0.20	100.1	2.01	11.5	6.6
National Development	0.67	99.1	0.57	-44.0	1.24	-8.3	4.1
Environment and Water Resources	0.44	5.9	0.61	-21.4	1.05	-11.9	3.4
Community Development, Youth and Sports	0.97	14.2	0.07	-31.6	1.04	9.5	3.4
Information, Communications and the Arts (excluding Info-Communications Technology)	0.35	15.0	0.14	3.3	0.49	11.4	1.6
<b>SECURITY &amp; EXTERNAL RELATIONS</b>	<b>11.94</b>	<b>8.6</b>	<b>0.87</b>	<b>0.8</b>	<b>12.81</b>	<b>8.1</b>	<b>41.8</b>
Defence	9.69	8.9	0.36	-2.2	10.05	8.5	32.8
Home Affairs	1.99	9.4	0.43	-5.5	2.42	6.4	7.9
Foreign Affairs	0.26	-6.3	0.09	86.2	0.34	7.0	1.1
<b>ECONOMIC DEVELOPMENT</b>	<b>0.99</b>	<b>4.8</b>	<b>2.78</b>	<b>2.3</b>	<b>3.77</b>	<b>3.0</b>	<b>12.3</b>
Transport	0.29	1.8	1.54	-2.8	1.83	-2.1	6.0
Trade and Industry	0.46	1.6	1.17	8.5	1.63	6.5	5.3
Manpower	0.20	17.0	0.05	19.0	0.25	17.4	0.8
Info-Communications Technology	0.03	10.2	0.02	52.7	0.06	24.4	0.2
<b>GOVERNMENT ADMINISTRATION</b>	<b>0.95</b>	<b>16.9</b>	<b>0.29</b>	<b>-57.1</b>	<b>1.24</b>	<b>-16.6</b>	<b>4.1</b>
Finance	0.46	28.9	0.11	-70.8	0.57	-22.0	1.9
Organs of State	0.21	9.0	0.02	-44.2	0.23	1.1	0.8
Prime Minister's Office	0.16	6.1	0.06	31.8	0.23	12.1	0.7
Law	0.11	6.7	0.10	-54.7	0.21	-34.8	0.7
<b>TOTAL</b>	<b>24.48</b>	<b>13.4</b>	<b>6.14</b>	<b>-15.4</b>	<b>30.62</b>	<b>6.1</b>	<b>100.0</b>

(Notes: Figures will not tally due to rounding.)

The following charts show the expenditure trends for FY2000 to FY2006 and the sectoral distribution of expenditure for FY2006 operating, development and total expenditure.



## Operating Expenditure

The FY2006 estimated operating expenditure of \$24.48 billion is an increase of \$2.89 billion or 13.4% over FY2005. About 80% of the operating expenditure is for ministries' running costs in expenditure on manpower (EOM), other operating expenditure (OOE) and operating grant to statutory boards and aided educational institutions. The remaining 20% is for transfer payments to external organisations and the public.

**Running Costs** are projected to increase by 4.8% to \$19.93 billion, mainly because of higher OOE.

OOE is estimated to increase by 10.1% to \$12.26 billion mainly for the Ministry of Defence (MINDEF) and Ministry of Home Affairs (MHA). The bulk of MINDEF's OOE of \$9.66 billion goes towards the Armed Forces. This includes payment of salaries and allowances for full-time national servicemen and operationally ready national servicemen, maintenance of equipment and camps, and purchase of military equipment. MHA requires more OOE mainly for the S2006 International Monetary Fund/World Bank Conference and higher expenditure on buildings and systems maintenance.

EOM is estimated to increase by 5.5% to \$3.87 billion to cater to annual salary increments, filling of vacancies and net addition of 1,155 posts. The increase in EOM is mainly for the Ministry of Education (MOE) for the recruitment of additional teachers for schools, and MHA for the manning of the new Budget Terminal and Terminal 3 at Changi.

Operating Grant is estimated to decrease by 9.8% to \$3.80 billion, mainly because the funding for the National University of Singapore (NUS), the Nanyang Technological University (NTU) and the National Institute of Education (NIE) will come from Transfers in FY2006, instead of Operating Grant in FY2005. If operating grant of these institutions are excluded from the revised FY2005 figure, there is an increase of \$0.58 billion or 18.1% in operating grant. The increase is mainly for the Ministry of National Development (MND) for bottom-line financing of \$0.32 billion to the Housing and Development Board (HDB).

Expenditure on **Transfers** is estimated to increase by 76.4% to \$4.55 billion, mainly for MOE due to the reclassification of operating subsidies to NUS, NTU and NIE. The total allocation for these institutions is \$1.64 billion for operational cost, endowment fund matching, annual sinking fund contribution for building replacement projects, funding for IT and F&E projects previously funded from development grant and loan and interest payment.

## Development Expenditure

Development expenditure is estimated to decrease by 15.4% to \$6.14 billion. Of this, a sum of \$2.93 billion forms direct expenditure for projects undertaken by the ministries. The remaining sum comprises capital grants (\$3.19 billion) and capital injections (\$0.01 billion) for projects undertaken by the statutory boards and aided institutions.

The ministries taking up significant shares of direct expenditure are the Ministry of the Environment and Water Resources (MEWR) (\$0.61 billion), MHA (\$0.43 billion), MOT (\$0.41 billion) and MINDEF (\$0.36 billion). Major on-going development projects under these ministries include Phase I of the deep tunnel sewerage system (\$0.41 billion), the Kallang and Paya Lebar Expressway (\$0.19 billion) and the redevelopment of Changi Prison (\$0.06 billion).

The bulk of the capital grants go to the statutory boards under MOT (\$1.13 billion), the Ministry of Trade and Industry (MTI) (\$1.01 billion) and MOE (\$0.44 billion). MOT's provision is mainly for the development of the Circle Line (\$0.92 billion). MTI's provision is mainly for R&D projects by the Agency for Science, Technology and Research (\$0.68 billion) and the Economic Development Assistance Scheme by the Economic Development Board (EDB) (\$0.13 billion). MOE requires capital grants for the upgrading and development of facilities in the higher educational institutions and aided schools.

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The estimated sum of \$0.01 billion for capital injections is for funding development projects of the Health Sciences Authority and Health Promotion Board.

## **OTHER FUND OUTLAYS**

### **Other Consolidated Fund Outlays**

Other outlays from the Consolidated Fund are estimated at \$8.13 billion. Of this, \$3 billion or 36.9% will be transferred to the Development Fund. Another \$3.59 billion is for Special Transfers viz distribution of the Growth Dividends to all adult citizens (\$1.43 billion), contributions into the CPF Special/Retirement and Medisave Accounts of Singaporeans aged 50 and above (\$500 million), distribution of one-off bonus to low wage workers under the Workfare Bonus Scheme (\$400 million), payment of bonus to national servicemen to mark the 40th Anniversary of National Service (\$200 million), utilities rebates under the Utilities Save Scheme (\$60 million), rental and S&CC rebates to HDB flats (\$47.99 million) and transfers to National Research Fund (\$500 million), Eldercare Fund (\$100 million), Medical Endowment Fund (\$100 million), Lifelong Learning Endowment Fund (\$100 million), Community Care Endowment Fund (\$100 million) and Opportunity Funds to provide education and enrichment opportunities for lower-income students (\$50 million). The balance of \$1.54 billion is for expenses on investments (\$1.38 billion), servicing the public debt (\$0.14 billion) and agency fees on land sales (\$0.02 billion).

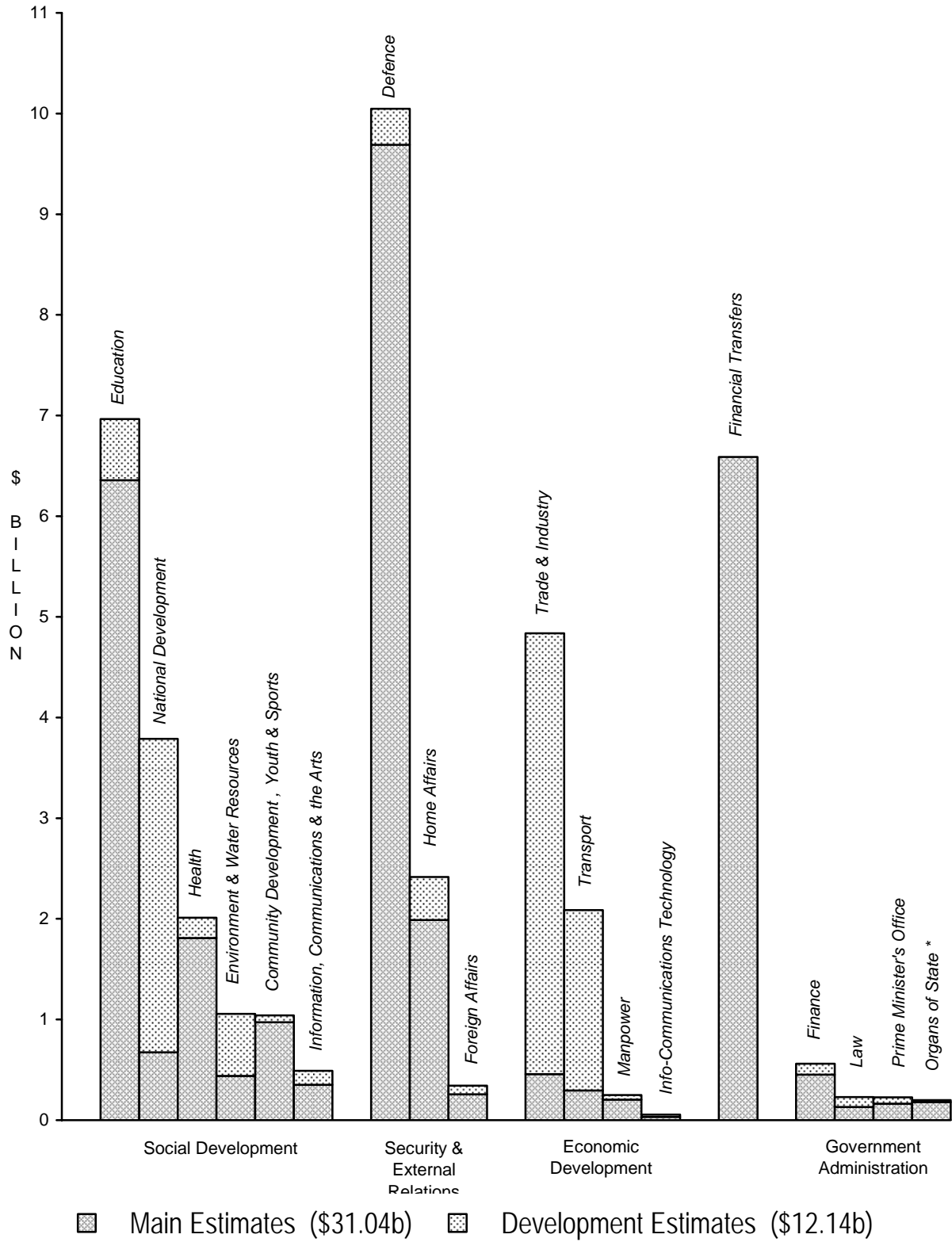
### **Other Development Fund Outlays**

Other outlays from the Development Fund are estimated at \$6 billion. Of this, \$4.71 billion or 78.4% is for loans to government agencies – mainly to the EDB 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 (\$2.39 billion), and the HDB for the Mortgage Financing Loan and the Upgrading Financing Loan Schemes (\$2.32 billion).

The balance of \$1.29 billion is for land-related expenditure on land development projects. The ministries with land-related expenditure are MTI (\$0.81 billion), MOT (\$0.25 billion) and MND (\$0.23 billion).

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### TOTAL OUTLAYS TO BE VOTED FY2006



\* Combined outlays in respect of Heads B to G.

## FY2005 PERFORMANCE REVIEW

### OVERVIEW

Table III: THE REVISED FY2005 EXPENDITURE ESTIMATES

	Actual FY2004	Revised FY2005	Change over Actual FY2004	
	\$b	\$b	\$b	%
<b>TOTAL EXPENDITURE</b>	<b>28.96</b>	<b>28.85</b>	<b>-0.11</b>	<b>-0.4</b>
Operating Expenditure	20.35	21.59	1.24	6.1
Development Expenditure	8.60	7.25	-1.35	-15.7
<b>OTHER CONSOLIDATED FUND OUTLAYS</b>	<b>5.09</b>	<b>5.48</b>	<b>0.39</b>	<b>7.7</b>
Agency Fees on Land Sales	0.01 <sup>1/</sup>	0.02 <sup>1/</sup>	0.01	94.7
Expenses on Investments	0.68	1.29	0.61	90.7
Debt Servicing	0.29	0.20	-0.09	-30.0
Financial Transfers	2.45	3.10	0.64	26.2
Special Transfers	1.66	0.87	-0.79	-47.3
<b>OTHER DEVELOPMENT FUND OUTLAYS</b>	<b>3.43</b>	<b>4.68</b>	<b>1.25</b>	<b>36.6</b>
Loans	2.96	3.74	0.78	26.4
Land-Related Expenditure	0.46	0.93	0.47	101.2
<b>TOTAL EXPENDITURE ESTIMATES</b>	<b>37.47</b>	<b>39.01</b>	<b>1.53</b>	<b>4.1</b>

<sup>1/</sup> Absolute figures for FY2004 and FY2005 are \$8,423,640 and \$16,398,470 respectively.

(Notes: Figures will not tally due to rounding.)

**TOTAL EXPENDITURE**

The revised total expenditure for FY2005 is \$28.85 billion or 0.4% lower than actual FY2004. Of this, operating expenditure accounts for \$21.59 billion or 75% and development expenditure for \$7.25 billion or 25%.

**Operating Expenditure**

The revised FY2005 operating expenditure is higher than actual FY2004 expenditure by \$1.24 billion or 6.1%. The increase is attributed mainly to MINDEF due to higher operating costs (\$0.65 billion) and MOE (\$0.26 billion) due to recruitment of additional teachers for schools and increase in manpower grants for schools to buy more support services to ease the workload of teachers.

**Development Expenditure**

The revised FY2005 development expenditure is lower than actual FY2004 expenditure by \$1.35 billion or 15.7%. The decrease is attributed mainly to MEWR (\$0.32 billion) due to lower spending for projects such as the Deep Tunnel Swerage System (Phase I), MOE (\$0.37 billion) due to lower cashflow requirements for projects undertaken by the institutes of higher learning, MOT (\$0.19 billion) due to the completion of the North East Line and the Punggol Light Rail Transit, and MND (\$0.13 billion) due to lower grant needed for the Public Housing Development Programme.

**OTHER FUND OUTLAYS****Other Consolidated Fund Outlays**

The revised outlays from the Consolidated Fund are estimated at \$5.48 billion or \$0.39 billion (7.7%) higher than actual FY2004. The higher expenditure is mainly for Special Transfers announced in the 2005 Budget Statement viz contributions into the Medisave Accounts of Singaporeans aged 21 years and above (\$0.35 billion), the ComCare Endowment Fund set up in October 2005 to provide assistance to the needy (\$0.25 billion), CPF Special/Retirement Accounts of Singaporeans aged 50 years and above (\$0.08 billion), utilities accounts of HDB households under the Utilities Save Scheme (\$0.06 billion) and Edusave Accounts of eligible primary and secondary school students (\$0.05 billion).

**Other Development Fund Outlays**

Other outlays from the Development Fund are estimated at \$4.68 billion. This is higher than actual FY2004 by \$1.25 billion (36.6%) due to more loans for the Economic Development Assistance Schemes.

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