

## 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 an excellent organisation

#### FY2007 EXPENDITURE ESTIMATES

##### Expenditure Estimates by Object Class

Code	Object Class	Actual FY2005	Estimated FY2006	Revised FY2006	Estimated FY2007	Change over FY2006	
	<b>TOTAL EXPENDITURE</b>	<b>\$695,649,266</b>	<b>\$572,109,450</b>	<b>\$534,592,910</b>	<b>\$594,220,000</b>	<b>\$59,627,090</b>	<b>11.2%</b>
	Main Estimates						
	<b>OPERATING EXPENDITURE</b>	<b>\$345,456,389</b>	<b>\$462,658,550</b>	<b>\$435,021,210</b>	<b>\$446,717,000 (i)</b>	<b>\$11,695,790</b>	<b>2.7%</b>
	<i>RUNNING COSTS</i>	<b>\$334,102,415</b>	<b>\$447,287,230</b>	<b>\$419,917,890</b>	<b>\$435,368,460</b>	<b>\$15,450,570</b>	<b>3.7%</b>
1000	Expenditure on Manpower	\$53,315,684	\$77,303,700	\$73,559,300	\$87,980,700	\$14,421,400	19.6%
1200	Political Appointments	1,592,767	2,962,300	2,962,300	2,962,300	0	0.0
1500	Permanent Staff	51,674,133	74,264,900	70,480,500	84,901,900	14,421,400	20.5
1600	Temporary, Daily-Rated & Other Manpower	48,784	76,500	116,500	116,500	0	0.0
2000	Other Operating Expenditure	\$278,823,311	\$348,294,430	\$324,669,490	\$347,387,760	\$22,718,270	7.0%
2100	Supplies & Services	273,643,411	338,666,150	314,743,130	340,148,080	25,404,950	8.1
2300	Manpower Development	2,912,017	3,993,760	3,349,310	3,961,040	611,730	18.3
2400	Public Relations & Exercises	1,249,623	2,418,140	2,164,370	1,459,210	-705,160	-32.6
2700	Equipment	929,426	2,849,080	4,248,380	1,598,200	-2,650,180	-62.4
2800	Financial Claims & Legal Expenses	88,835	367,300	164,300	221,230	56,930	34.7
3000	Operating Grant	\$1,963,420	\$21,689,100	\$21,689,100	\$0	-\$21,689,100	-100.0%
3100	Operating Grant to Statutory Boards	1,963,420	21,689,100	21,689,100	0	-21,689,100	-100.0

(i) Includes \$9,020,630 statutory expenditure (Subvention).

**Expenditure Estimates by Object Class – continued**

Code	Object Class	Actual FY2005	Estimated FY2006	Revised FY2006	Estimated FY2007	Change over FY2006	
	<i>TRANSFERS</i>	\$11,353,975	\$15,371,320	\$15,103,320	\$11,348,540	-\$3,754,780	-24.9%
3500	Social Transfers	0	0	50,000	50,000	0	0.0
3600	Subventions	11,353,975	15,371,320	15,053,320	11,298,540	-3,754,780	-24.9
	<b>OTHER CONSOLIDATED FUND OUTLAYS</b>	<b>\$914,898,108</b>	<b>\$1,379,200,000</b>	<b>\$1,523,700,000</b>	<b>\$1,623,900,000 (i)</b>	<b>\$100,200,000</b>	<b>6.6%</b>
4200	Expenses on Investments	914,898,108	1,379,200,000	1,523,700,000	1,623,900,000	100,200,000	6.6
	Development Estimates						
	<b>DEVELOPMENT EXPENDITURE</b>	<b>\$350,192,876</b>	<b>\$109,450,900</b>	<b>\$99,571,700</b>	<b>\$147,503,000</b>	<b>\$47,931,300</b>	<b>48.1%</b>
5100	Direct Development	350,192,876	109,450,900	99,571,700	147,503,000	47,931,300	48.1

**Establishment List**

Category/Personnel	Actual FY2005	Estimated FY2006	Revised FY2006	Estimated FY2007
<b>POLITICAL APPOINTMENTS</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>
Minister	2	2	2	2
Minister of State	1	1	1	1
<b>PERMANENT STAFF</b>	<b>773</b>	<b>1,126</b>	<b>1,193</b>	<b>1,342</b>
Accounting Profession	49	51	48	48
Administrative	12	22	11	22
Corporate Support	142	355	345	434
Management Executive (Finance)	129	195	191	228
Management Support	36	65	69	81
Operations Support	12	17	18	18
Shorthand Writers	12	12	13	13
Singapore Customs Officer	235	243	290	290
Singapore Customs Specialist	146	166	208	208
<b>TEMPORARY, DAILY-RATED AND OTHER MANPOWER</b>	<b>10</b>	<b>48</b>	<b>48</b>	<b>15</b>
Corporate Support	0	33	33	0
Singapore Customs Officer	4	9	9	9
Singapore Customs Specialist	6	6	6	6
<b>OTHERS</b>	<b>1,743</b>	<b>1,738</b>	<b>1,692</b>	<b>1,692</b>
Inland Revenue Authority of Singapore	1,743	1,738	1,692	1,692
<b>TOTAL</b>	<b>2,529</b>	<b>2,915</b>	<b>2,936</b>	<b>3,052</b>

(i) Statutory expenditure.

## **FY2006 Budget**

Total expenditure of the Ministry of Finance (MOF) in FY2006 is expected to be \$534.59 million excluding Expenses on Investments (EOI). This is a decrease of \$161.06 million or 23.2% compared to the actual FY2005 expenditure of \$695.65 million.

Total expenditure comprises operating expenditure and development expenditure. The operating expenditure in FY2006 is expected to be \$435.02 million, which is an increase of \$89.56 million or 25.9% over the actual FY2005 expenditure of \$345.46 million. The increase is primarily attributable to the 2006 Annual International Monetary Fund/World Bank Meeting in Singapore and the setting up of the new shared services centre for the Public Service (Centre for Shared Services) as a department under MOF. Development expenditure in FY2006 is expected to be \$99.57 million, a decrease of \$250.62 million or 71.6% over the actual FY2005 expenditure of \$350.19 million. The decrease is mainly attributed to lower requirements from the Project Central Vote, which funds new initiatives by ministries during the financial year.

EOI in FY2006 is expected to be \$1.52 billion, an increase of \$608.80 million or 66.5% over the actual FY2005 expenditure of \$914.90 million, due to higher trading activity consistent with global financial developments.

## **FY2007 Budget**

Total expenditure for FY2007 is projected to be \$594.22 million (excluding EOI), which is an increase of \$59.63 million or 11.2% from the FY2006 revised total expenditure of \$534.59 million. EOI is projected at \$1.62 billion.

### *Operating Expenditure*

The projected operating expenditure of \$446.72 million is an increase of \$11.70 million or 2.7% over the revised FY2006 operating expenditure of \$435.02 million. The increase is mainly attributed to higher Inland Revenue Authority of Singapore (IRAS) agency fees corresponding to higher projected tax collection.

The IRAS programme is projected to take up the largest share of operating expenditure (\$230 million or 51.4%). This is followed by Finance HQ (\$95.85 million or 21.5%), Singapore Customs (\$73.07 million or 16.4%), Centre for Shared Services (\$27.12 million or 6.1%), and Accounting Services (\$20.68 million or 4.6%).

### *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 \$230 million, which is an increase of \$21.32 million or 10.2% over the revised FY2006 expenditure of \$208.68 million.

### *Finance Programme*

An operating expenditure of \$95.85 million is provided for the Finance HQ Programme for FY2007. This is a decrease of \$31.72 million or 24.9% over the revised FY2006 expenditure of \$127.57 million. The lower requirement in FY2007 compared to FY2006 is mainly because expenditure on the IMF/WB event has ceased.

A sum of \$21.87 million is provided for the Government Chief Information Office (GCIO) of the Infocomm Development Authority of Singapore to carry out its role as the chief planner of civil service-wide computerisation programmes. The Office facilitates and supports the initiatives under the iGov2010 5-year master plan for eGovernment.

#### *Singapore Customs Programme*

The Singapore Customs collects customs and excise duties as well as GST on imported and excisable goods. It protects Government revenue by preventing leakage of duties and taxes. The Department also ensures trade security and a conducive environment for trade through its regulatory and facilitation services. The operating expenditure of Singapore Customs for FY2007 is projected to be \$73.07 million, an increase of \$14.94 million or 25.7% over the revised FY2006 expenditure of \$58.13 million. The increase is mainly due to new functions and initiatives to enhance efficiency and effectiveness of the customs programme. These include the Secure Trade Partnership, Strategic Goods Control and the implementation of TradeXchange and eCustoms.

#### *Expenses on Investments*

The FY2007 provision for EOI of \$1.62 billion is an increase of \$100.2 million or 6.6%, over the revised FY2006 EOI expenditure of \$1.52 billion.

#### *Development Expenditure*

Development expenditure for FY2007 is projected to be \$147.50 million, which is an increase of \$47.93 million or 48.1% over the revised FY2006 development expenditure of \$99.57 million. The increase is mainly due to Singapore Customs' two developmental projects: eCustoms Masterplan and Integrated IT platform (Trade Exchange).

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**Total Expenditure by Programme**

Code	Programme	Running Costs	Transfers	Operating Expenditure	Development Expenditure	Total Expenditure
MA	Finance	84,630,370	11,219,540	95,849,910	109,403,100	205,253,010
MC	Accounting Services	20,629,060	50,000	20,679,060	130,000	20,809,060
MG	Centre for Shared Services	27,115,440	0	27,115,440	3,951,900	31,067,340
MO	Singapore Customs	72,986,590	79,000	73,065,590	34,018,000	107,083,590
MP	Inland Revenue Authority of Singapore	230,000,000	0	230,000,000	0	230,000,000
<b>Total</b>		<b>\$435,368,460</b>	<b>\$11,348,540</b>	<b>\$446,717,000</b>	<b>\$147,503,000</b>	<b>\$594,220,000</b>

**Development Expenditure by Project**

Project Title	Total Project Cost	Actual Expenditure up to end of FY2004	Actual FY2005	Estimated FY2006	Revised FY2006	Estimated FY2007
<b>DEVELOPMENT EXPENDITURE</b>	...	...	<b>\$350,192,876</b>	<b>\$109,450,900</b>	<b>\$99,571,700</b>	<b>\$147,503,000</b>
Direct Development	...	...	350,192,876	109,450,900	99,571,700	147,503,000
<b>Finance Programme</b>						
New Projects	...	...	0	1,500,000	0	8,287,000
Technology Experimentation (TE) Programme for the Public Sector	5,171,000	1,077,379	81,962	300,000	925,900	320,000
Public Services Online Programme II (PS Online II)	36,894,100	(i) 24,258,072	7,281,277	2,378,700	2,127,700	402,400
Development and Implementation of the Singapore Government Metadata Standards (SGMS)	5,947,182	1,451,411	1,709,338	1,091,500	980,700	195,700
Centrally Administered Desktop Firewall Systems (CADS)	1,659,000	97,455	288,754	444,200	246,000	198,000
Central Vote for New Projects	...	...	335,994,228	100,000,000	90,000,000	100,000,000
<b>Accounting Services Programme</b>						
Minor Development Project for AGD	...	...	232,146	71,300	71,300	130,000
<b>Centre for Shared Services Programme</b>						
Minor Improvement and Development Projects	...	...	0	497,500	497,500	3,951,900
<b>Singapore Customs Programme</b>						
InfoPort	36,220,000	0	492,780	378,000	756,000	5,440,000
E-Customs Masterplan	27,300,000	0	677,856	0	0	11,660,000
Minor Improvement and Development Projects	...	...	1,655,676	2,622,000	2,364,800	16,918,000
Completed Projects	...	...	1,778,861	167,700	1,601,800	0

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

## 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
- An integrated government that delights customers and connects citizens through the use of infocomm technology
- A ministry that is efficient and effective

### Key Performance Indicators

Desired Outcome	Performance Indicator	Actual FY2004	Actual FY2005	Revised FY2006	Projected FY2007
A government that lives within its means	<b>Government Revenue</b>				
	Government operating revenue as % of GDP	15.0	14.2	14.2	14.3
	<b>Government Expenditure</b>				
	Government expenditure as a % of GDP	15.8	14.4	14.5	14.7
A government that plans for effective use of public funds	<b>Fiscal Sustainability</b>				
	Draw on past reserves	No	No	No	No
	Standard & Poor's sovereign risk rating	AAA	AAA	AAA	AAA
A government that plans for effective use of public funds	<b>Budget Marksmanship</b>				
	Government operating revenue as % of budgeted revenue (excluding Net Investment Income Contribution)	98.4 (i)	97.6 (i)	102.4	97 to 103
	Government expenditure as % of budgeted expenditure (excluding special transfers)	95.1	96.5	99.8	95 to 100
	<b>Balanced Expenditure Across Sectors</b>				
	Economic expenditure as % of total expenditure	13.4	12.8	12.5	12.7
	Social expenditure as % of total expenditure	42.8	40.9	41.6	42.2
	Security expenditure as % of total expenditure	38.4	41.4	41.8	41.2
Government Administration expenditure as % of total expenditure	5.4	4.9	4.0	3.9	

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

**Key Performance Indicators - continued**

Desired Outcome	Performance Indicator	Actual FY2004	Actual FY2005	Revised FY2006	Projected FY2007
A regulatory environment conducive for business and enterprise	<b>Internationally Competitive Taxes</b>				
	Institute for Management Development World Competitiveness Yearbook: "Real corporate taxes do not discourage entrepreneurial activity"	2 <sup>nd</sup>	4 <sup>th</sup>	4 <sup>th</sup>	4 <sup>th</sup> or better
	Institute for Management Development World Competitiveness Yearbook: "Collected total tax revenue as a % of GDP among small countries" (i)	3 <sup>rd</sup>	2 <sup>nd</sup>	2 <sup>nd</sup>	2 <sup>nd</sup> or better
	<b>Trade Facilitation</b>				
	Institute for Management Development World Competitiveness Yearbook: "Customs authorities do facilitate the efficient transit of goods"	1 <sup>st</sup>	1 <sup>st</sup>	3 <sup>rd</sup>	2 <sup>nd</sup> or better
An integrated government that delights customers and connects citizens through the use of infocomm technology	<b>Corporate Regulation</b>				
	World Economic Forum Global Competitiveness Report: "Time required to start a business"	n.a.	5 <sup>th</sup>	5 <sup>th</sup>	5 <sup>th</sup> or better
	<b>Integrated Government</b>				
	World Economic Forum Global Information Technology Report: "Networked Readiness Index"	1 <sup>st</sup>	1 <sup>st</sup>	3 <sup>rd</sup> or better	3 <sup>rd</sup> or better
	% of customers who are overall very satisfied with the quality of e-services (rating of 5 and above on a 6 point scale)	46.0	51.0	55.0	60.0
A ministry that is efficient and effective	% of citizens who are aware of government e-channels for giving feedback on government policies, programmes and initiatives	n.a.	23.0	30.0	40.0
	% of users who are overall very satisfied with the quality of public info online (rating of 5 and above on a 6 point scale)	n.a.	37.0	40.0	50.0
	<b>Customer Centric Service Levels</b>				
	% of TradeNet declarations processed within 10 minutes by Singapore Customs	97.7	97.8	90.0	90.0
	% of application for Certificates of Origin processed by Singapore Customs within 2 hours	100	100	100	100
% of requests for business profiles provided by ACRA within 30 minutes upon payment	90.8	89.3	97.8	90.0	
% of applications for tax refunds processed by IRAS within 30 days	100	97	100	100	
	<b>Efficiency of Revenue Collections</b>				
Cost per dollar of revenue collected by Singapore Customs	\$0.011	\$0.010	\$0.012	\$0.010	
Cost per dollar of tax collected by IRAS	\$0.0102	\$0.0093	\$0.0088	\$0.0084	

(i) There is a two year lag in the data collected and published by IMD. 3<sup>rd</sup> place for FY2004 would be based on FY2002's tax revenue and GDP figures.