

# **BUDGET HIGHLIGHTS**

## **Financial Year 2011**

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Distributed on Budget Day: 18 February 2011

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## **EXPLANATORY NOTES**

This document summarises and provides relevant highlights of the FY2011 Revenue and Expenditure Estimates presented to Parliament on 18 February 2011 as Cmd No. 1 of 2011.

## **BUDGET HIGHLIGHTS**

<b>1</b>	<b>FISCAL UPDATE ON FINANCIAL YEAR 2010</b>	<b>1</b>
1.1	Economic Performance in 2010	1
1.2	Expected Budget Outturn for FY2010	1
1.3	Operating Revenue	3
1.4	Total Expenditure	4
1.5	Special Transfers	5
1.6	Net Investment Returns Contribution	6
<b>2</b>	<b>FISCAL OUTLOOK FOR FINANCIAL YEAR 2011</b>	<b>7</b>
2.1	Outlook for 2011	7
2.2	Budget for FY2011	7
2.3	Operating Revenue	9
2.4	Total Expenditure	10
2.5	Special Transfers	12
2.6	Balanced Budget over Medium Term	14
2.7	Macroeconomic Stability	14
<b>3</b>	<b>STATISTICAL ANNEX</b>	<b>17</b>
	Table 3.1a: Overall Fiscal Position for FY2005 to FY2011 (\$ million)	18
	Table 3.1b: Overall Fiscal Position for FY2005 to FY2011 (% of GDP)	18
	Table 3.2a: Revenue Collections for FY2005 to FY2011 (\$ million)	19
	Table 3.2b: Revenue Collections for FY2005 to FY2011 (% of GDP)	19
	Table 3.3: Operating Expenditure by Sector for FY2005 to FY2011 (\$ million)	20
	Table 3.4: Development Expenditure by Sector for FY2005 to FY2011 (\$ million)	21
	Table 3.5a: Total Expenditure by Sector for FY2005 to FY2011 (\$ million)	22
	Table 3.5b: Total Expenditure by Sector for FY2005 to FY2011 (% of GDP)	23
	Table 3.6: Total Expenditure by Expenditure Type for FY2005 to FY2011 (\$ million)	24
	Table 3.7: Headcount by Ministry for FY2005 to FY2011	25
<b>4</b>	<b>GLOSSARY OF TERMS</b>	<b>28</b>

## **BUDGET HIGHLIGHTS**

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- ◆ **FISCAL UPDATE ON FY2010**
- ◆ **FISCAL OUTLOOK FOR FY2011**



## 1 Fiscal Update on Financial Year 2010

### 1.1 Economic Performance in 2010

The world economy emerged from the crisis in 2010, with global GDP estimated to have grown by 3.9%<sup>1</sup> in 2010. Buoyed by the global recovery, economic activity in Singapore rebounded sharply in 2010. Our economy expanded by 14.5%<sup>2</sup> in 2010, with growth across all sectors. The Manufacturing sector grew by an estimated 29.7% in 2010, led by the biomedical cluster which saw a strong rebound in pharmaceutical output. The services producing industries expanded by 10.5% in 2010, with growth largely supported by the financial services sector and strong visitor arrivals from the region. The Construction sector grew by 6.1% in 2010.

The labour market tightened in 2010, due to the strong economic recovery. Total employment increased by 112,500 in 2010 as compared to an increase of 37,600 in 2009<sup>3</sup>. The resident unemployment rate fell from a seasonally adjusted 3.3% in December 2009 to 3.1% in December 2010. The Consumer Price Index (CPI) rose by 2.8% in 2010 compared with 2009, due to higher costs of transport, housing and food.

### 1.2 Expected Budget Outturn for FY2010

After taking into account Special Transfers Excluding Top-ups to Endowment and Trust Funds, and before the Net Investment Returns Contribution (NIRC), the revised FY2010 position is a basic deficit of \$2.5 billion (or 0.8% of GDP). This is \$4.7 billion less than the \$7.2 billion basic deficit originally estimated at Budget 2010. After factoring in the NIRC of \$7.8 billion and Top-ups to Endowment and Trust Funds of \$5.6 billion, the overall budget deficit for FY2010 is \$0.3 billion (or 0.1% of GDP). The revised FY2010 revenue and expenditure estimates are summarised in Table 1.1.

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<sup>1</sup> *Global Economic Prospects 2011*, World Bank

<sup>2</sup> *Annual Economy Survey of Singapore 2010*, Ministry of Trade and Industry

<sup>3</sup> Based on Ministry of Manpower's preliminary estimates on 31 January 2011

FISCAL OUTLOOK FOR FINANCIAL YEAR 2010

**Table 1.1: Fiscal Position in FY2009 and FY2010**

	Actual FY2009	Estimated FY2010	Revised FY2010	Revised FY2010 Compared to	
				Actual FY2009	Estimated FY2010
	\$billion	\$billion	\$billion	% change	% change
<b>OPERATING REVENUE</b>	<b>39.55</b>	<b>40.73</b>	<b>45.46</b>	<b>15.0</b>	<b>11.6</b>
Corporate Income Tax	9.55	7.61	10.50	9.9	38.0
Personal Income Tax	6.11	6.96	6.50	6.3	(6.6)
Withholding Tax	1.14	1.25	0.90	(20.9)	(27.8)
Statutory Boards' Contributions	0.41	1.19	0.57	39.9	(51.9)
Assets Taxes	1.99	2.72	2.99	50.5	10.2
Customs and Excise Tax	2.13	2.24	2.06	(2.9)	(8.1)
Goods and Services Tax	6.91	6.98	7.90	14.3	13.3
Motor Vehicle Related Taxes	1.86	1.50	1.73	(6.8)	15.1
Vehicle Quota Premiums	0.62	0.90	1.72	175.3	90.9
Betting Taxes	1.73	2.08	2.29	32.3	10.1
Stamp Duty	2.39	2.68	2.84	18.8	6.1
Other Taxes	2.41	2.37	2.94	22.1	24.1
Other Fees and Charges	2.14	2.15	2.39	11.7	11.4
Others	0.16	0.11	0.13	(20.8)	15.1
Less:					
<b>TOTAL EXPENDITURE</b>	<b>41.89</b>	<b>46.37</b>	<b>46.39</b>	<b>10.7</b>	<b>0.0</b>
Operating Expenditure	30.91	33.90	34.13	10.4	0.7
Development Expenditure	10.98	12.47	12.26	11.7	(1.7)
<b>PRIMARY SURPLUS / (DEFICIT)<sup>1</sup></b>	<b>(2.34)</b>	<b>(5.64)</b>	<b>(0.93)</b>		
Less:					
<b>SPECIAL TRANSFERS<sup>2</sup></b>	<b>5.48</b>	<b>5.15</b>	<b>7.18</b>	<b>31.0</b>	<b>39.5</b>
<b>Special Transfers Excluding Top-ups to Endowment and Trust Funds</b>	<b>4.07</b>	<b>1.56</b>	<b>1.59</b>		
Growth Dividends	0.00	-	0.00		
GST Credits	0.45	0.47	0.47		
Utilities-Save Rebates/Service and Conservancy Charges Rebates/Rental Rebates	0.19	0.14	0.14		
Workfare <sup>3</sup>	0.11	0.02	0.02		
CPF Top-ups <sup>4</sup>	-	0.31	0.35		
Transfers to Young Singaporeans <sup>5</sup>	0.00	0.23	0.23		
Transfers to Seniors and the Needy <sup>6</sup>	0.13	0.15	0.14		
Transfers to Businesses <sup>7</sup>	3.18	0.26	0.26		
<b>BASIC SURPLUS / (DEFICIT)<sup>8</sup></b>	<b>(6.42)</b>	<b>(7.20)</b>	<b>(2.52)</b>		
<b>Top-ups to Endowment and Trust Funds</b>	<b>1.41</b>	<b>3.59</b>	<b>5.59</b>		
Top-ups to Endowment Funds <sup>9</sup>	0.30	0.40	0.40		
National Productivity Fund	-	1.00	1.00		
National Research Fund	0.40	1.50	1.50		
Singapore Universities Trust Fund	-	-	2.00		
CPF Deferment and Voluntary Deferment Bonus	0.45	0.44	0.44		
LIFE Bonus	0.26	0.25	0.25		
Add:					
<b>NET INVESTMENT RETURNS CONTRIBUTION</b>	<b>7.01</b>	<b>7.83</b>	<b>7.83</b>	<b>11.8</b>	<b>0.0</b>
<b>OVERALL BUDGET SURPLUS / (DEFICIT)</b>	<b>(0.82)</b>	<b>(2.96)</b>	<b>(0.28)</b>		

Note: Due to rounding, figures may not add up.

<sup>1</sup> Surplus / (Deficit) before Special Transfers and Net Investment Returns Contribution.

<sup>2</sup> Special Transfers include Top-ups to Endowment and Trust Funds.

<sup>3</sup> Consist of Workfare Bonus Scheme and Workfare Income Supplement Scheme (Special Payment).

<sup>4</sup> Consist of CPF Ordinary Account, Pre-Medisave, Medisave and CPF Share Ownership Top-up Schemes.

<sup>5</sup> Consist of Top-ups to Edusave Accounts and Post-Secondary Education Accounts.

<sup>6</sup> Consist of Senior Pensioners Grant Scheme, Senior Citizens' Bonus, public transport vouchers and assistance through Citizens' Consultative Committees, Self-Help Groups and Voluntary Welfare Organisations.

<sup>7</sup> Consist of Jobs Credit, Productivity and Innovation Credit, Special Risk-Sharing Initiative, R&D Incentive for Start-up Enterprises and Assistance to SMEs.

<sup>8</sup> Surplus / (Deficit) before Top-ups to Endowment and Trust Funds and Net Investment Returns Contribution.

<sup>9</sup> Consist of Community Care Endowment Fund, Medical Endowment Fund, ElderCare Fund and Lifelong Learning Endowment Fund.



## BUDGET HIGHLIGHTS

### **1.3 Operating Revenue**

FY2010 Operating Revenue has been revised upwards by \$4.7 billion (or 11.6%) to \$45.5 billion. The strong GDP growth drove income and consumption growth, and was accompanied by increased activity in the property market. These raised government Operating Revenue beyond the budgeted FY2010 estimate.

#### Corporate Income Tax (CIT)

CIT collections are estimated at \$10.5 billion, \$2.9 billion (or 38.0%) higher than the budgeted FY2010 estimate. This is largely due to the better-than-expected corporate profits driven by the economic recovery.

#### Personal Income Tax (PIT)

PIT collections are projected at \$6.5 billion, \$0.5 billion (or 6.6%) lower than budgeted, due to lower-than-expected increases in wages in 2009.

#### Goods and Services Tax (GST)

GST collections are estimated at \$7.9 billion, \$0.9 billion (or 13.3%) higher than budgeted, on the back of strong consumption growth and higher tourist receipts in 2010.

#### Property Related Taxes

Property Related Taxes also grew strongly due to higher property prices and higher volume of property transactions, especially during the first three quarters of FY2010. Stamp Duty collections are now expected at \$2.8 billion, up by \$0.2 billion (or 6.1%). Due to the faster-than-expected completion of properties, which are subject to Property Taxes, Assets Taxes are estimated to be \$3.0 billion, \$0.3 billion (or 10.2%) higher than the budgeted FY2010 estimate.

#### Motor Vehicle Related Revenues

Motor Vehicle Related Taxes are projected at \$1.7 billion. This is \$0.2 billion (or 15.1%) more than the budgeted FY2010 estimate largely due to higher road tax collections and lower Preferential Additional Registration Fee (PARF) rebates.

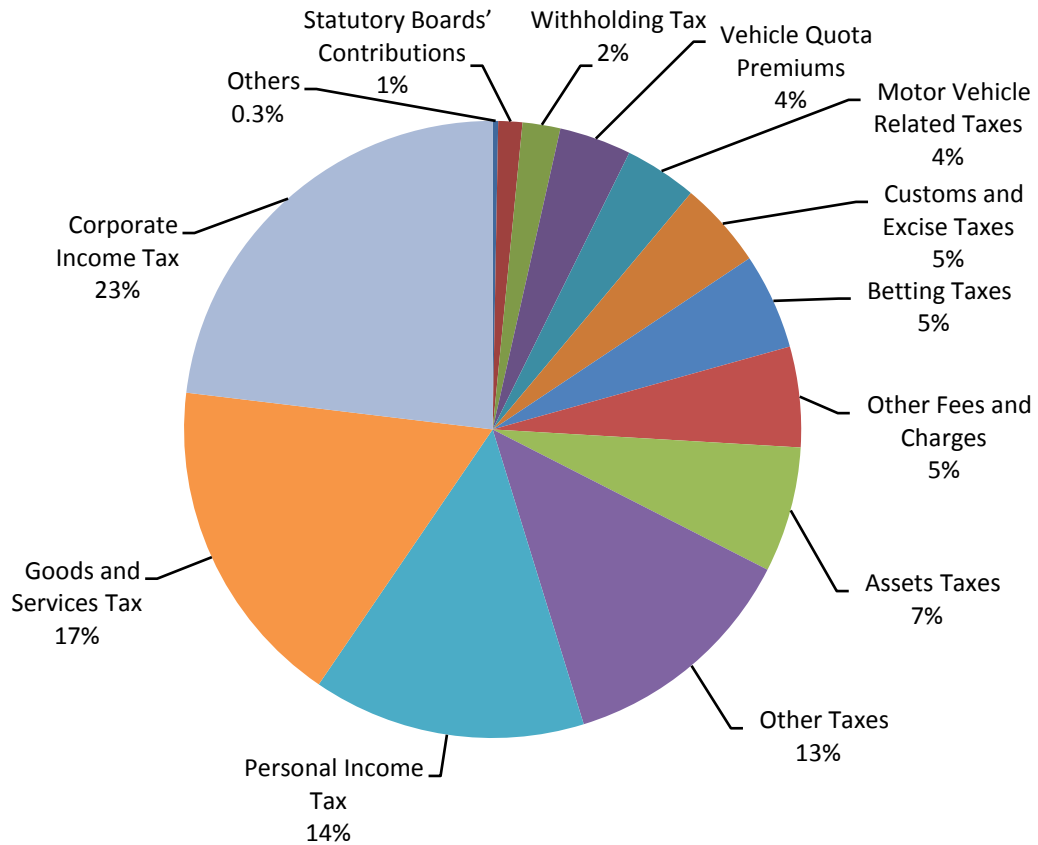
Vehicle Quota Premiums, i.e. receipts from Certificate of Entitlement (COE), are similarly expected to be higher at \$1.7 billion, \$0.8 billion (or 90.9%) above the budgeted FY2010 estimate. This is primarily due to higher COE prices, resulting from the positive economic outlook and a decrease in the COE quota.

#### Betting Taxes

Betting taxes are estimated to increase by \$0.2 billion (or 10.1%) from the budgeted FY2010 estimate to \$2.3 billion, on account of an increase in estimated tax collections from the two Integrated Resorts.

The distribution of Operating Revenue in FY2010 by the various components is shown in Chart 1.1 below.

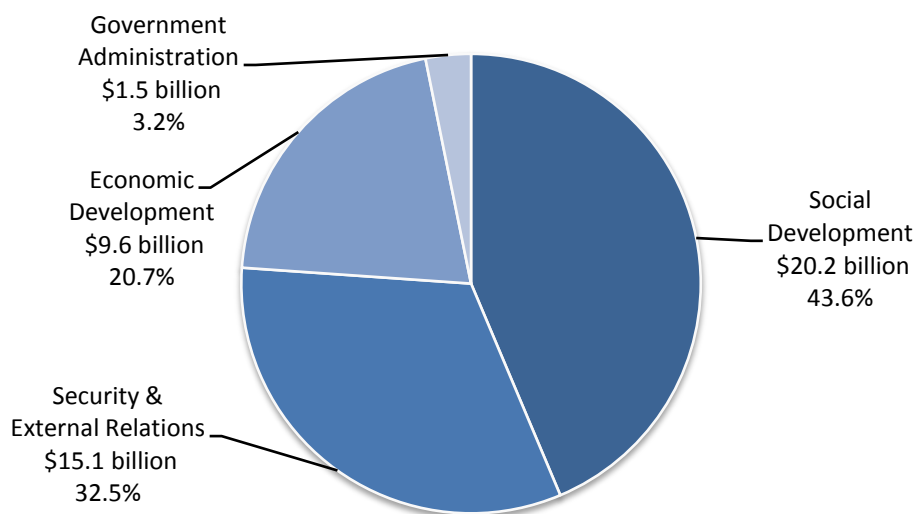
**Chart 1.1: Breakdown of Government Operating Revenue in FY2010**



**1.4 Total Expenditure**

Revised FY2010 Total Expenditure amounts to \$46.4 billion (14.7% of GDP), marginally higher than the budgeted FY2010 estimate. The Social Development sector takes up the largest share of Total Expenditure at 43.6%. The breakdown of government spending in the major sectors (Social Development, Security and External Relations, Economic Development and Government Administration) is provided in [Chart 1.2](#) below.

**Chart 1.2: Breakdown of Government Spending by Sectors in FY2010**



## BUDGET HIGHLIGHTS

### Operating Expenditure

Operating Expenditure is \$34.1 billion, exceeding the budgeted estimate by \$0.2 billion (or 0.7%). This is due to Expenditure on Manpower increasing by \$0.5 billion (or 9.5%) from budgeted to \$5.9 billion. Grants, Subventions & Capital Injections to Organisations totalled \$6.0 billion, \$0.05 billion (or 0.8%) above the budget. This is offset by lower spending in Other Operating Expenditure amounting to \$14.7 billion, which is \$0.1 billion (or 1.0%) below budgeted.

### Development Expenditure

Development Expenditure is expected to be \$12.3 billion, \$0.2 billion (or 1.7%) lower than budgeted mainly due to lower expenditure in transport-related projects (\$0.3 billion). This decrease is mainly offset by higher expenditure of \$0.1 billion for the rollout of the Next Generation National Broadband Network.

## **1.5 Special Transfers**

Special Transfers are expected to total \$7.2 billion in FY2010. This is \$2.0 billion (or 39.5%) higher than the \$5.2 billion initially budgeted in FY2010 due to the injection into the Singapore Universities Trust Fund announced in National Day Rally 2010. [Table 1.2](#) shows a summary of Special Transfers in Budget 2010.

**Table 1.2: Summary of FY2010 Special Transfers**

<b>MEASURES</b>	<b>Total Cost in FY2010 (\$ million)</b>
<b>Special Transfers</b>	<b>1,590</b>
Top-ups to Post-Secondary Education Accounts	230
Top-ups to CPF Medisave Accounts	350
Extension of Jobs Credit	250
Fourth and Final Tranche of GST Credits	470
Utilities-Save, Service and Conservancy Charges and Rental Rebates	140
Senior Citizens' Bonus	130
R&D Incentives for Start-up Enterprises	10
Other Measures for Elderly and Lower-income Groups <sup>4</sup>	10
<b>Top-ups to Endowment and Trust Funds</b>	<b>5,590</b>
Singapore Universities Trust Fund	2,000
National Productivity Fund	1,000
National Research Fund	1,500
Medical Endowment Fund	200
ElderCare Fund	200
Deferment Bonus, Voluntary Deferment Bonus and LIFE Bonus Schemes	690
<b>TOTAL</b>	<b>7,180</b>

<sup>4</sup> Consist of Senior Pensioners Grant Scheme, public transport vouchers and assistance through Citizens' Consultative Committees, Self-Help Groups and Voluntary Welfare Organisations.

**1.6 *Net Investment Returns Contribution***

Net Investment Returns Contribution (NIRC) for FY2010 is projected to be \$7.8 billion, unchanged from the budgeted FY2010 estimate.

## 2 Fiscal Outlook for Financial Year 2011

### 2.1 Outlook for 2011

Global economic growth is expected to moderate in 2011. The World Bank estimates that global GDP growth will be 3.3% this year, with emerging markets growing by 6%<sup>5</sup>. Downside risks to global growth, such as the vulnerabilities posed by sovereign debts in the Eurozone and rising energy and commodities prices will persist into 2011. Following the sharp rebound in 2010, GDP growth for Singapore in 2011 is expected to moderate to between 4.0% and 6.0%, with CPI inflation ranging from 3.0% to 4.0%<sup>6</sup>.

### 2.2 Budget for FY2011

Before taking into account Top-ups to Endowment and Trust Funds, and before NIRC, the budgeted FY2011 position is a basic deficit of \$2.2 billion (or 0.7% of GDP). After factoring in the Top-ups to Endowment and Trust Funds, and NIRC of \$7.8 billion, the estimated outturn for FY2011 is balanced with an overall budget surplus of \$0.1 billion (0.02% of GDP).

The FY2011 Budget is summarised in [Table 2.1](#).

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<sup>5</sup> *Global Economic Prospects 2011*, World Bank

<sup>6</sup> *Annual Economy Survey of Singapore 2010*, Ministry of Trade and Industry

FISCAL OUTLOOK FOR FINANCIAL YEAR 2011

**Table 2.1: Fiscal Position in FY2011**

	Revised FY2010	Estimated FY2011	Change over Revised FY2010	
	\$billion	\$billion	\$billion	% change
<b>OPERATING REVENUE</b>	<b>45.46</b>	<b>48.12</b>	<b>2.66</b>	<b>5.9</b>
Corporate Income Tax	10.50	11.01	0.51	4.9
Personal Income Tax	6.50	7.00	0.50	7.7
Withholding Tax	0.90	1.16	0.26	28.7
Statutory Boards' Contributions	0.57	0.44	(0.13)	(22.5)
Assets Taxes	2.99	3.58	0.59	19.6
Customs and Excise Tax	2.06	2.09	0.03	1.3
Goods and Services Tax	7.90	8.44	0.54	6.9
Motor Vehicle Related Taxes	1.73	1.72	(0.01)	(0.8)
Vehicle Quota Premiums	1.72	2.01	0.29	17.0
Betting Taxes	2.29	2.41	0.12	5.3
Stamp Duty	2.84	2.14	(0.70)	(24.6)
Other Taxes	2.94	3.45	0.50	17.2
Other Fees and Charges	2.39	2.51	0.12	5.0
Others	0.13	0.18	0.05	37.0
Less:				
<b>TOTAL EXPENDITURE</b>	<b>46.39</b>	<b>47.10</b>	<b>0.71</b>	<b>1.5</b>
Operating Expenditure	34.13	35.90	1.77	5.2
Development Expenditure	12.26	11.20	(1.06)	(8.7)
<b>PRIMARY SURPLUS / (DEFICIT)<sup>1</sup></b>	<b>(0.93)</b>	<b>1.02</b>		
Less:				
<b>SPECIAL TRANSFERS<sup>2</sup></b>	<b>7.18</b>	<b>8.73</b>	<b>1.55</b>	<b>21.6</b>
<b>Special Transfers Excluding Top-ups to Endowment and Trust Funds</b>	<b>1.59</b>	<b>3.24</b>		
Growth Dividends	0.00	1.55		
GST Credits	0.47	0.00		
Utilities-Save Rebates/Service and Conservancy Charges Rebates/Rental Rebates	0.14	0.30		
Workfare <sup>3</sup>	0.02	0.26		
CPF Top-ups <sup>4</sup>	0.35	0.50		
Transfers to Young Singaporeans <sup>5</sup>	0.23	0.09		
Transfers to Seniors and the Needy <sup>6</sup>	0.14	0.04		
Transfers to Businesses <sup>7</sup>	0.26	0.48		
<b>BASIC SURPLUS / (DEFICIT)<sup>8</sup></b>	<b>(2.52)</b>	<b>(2.21)</b>		
<b>Top-ups to Endowment and Trust Funds</b>	<b>5.59</b>	<b>5.49</b>		
Top-ups to Endowment Funds <sup>9</sup>	0.40	2.20		
National Productivity Fund	1.00	1.00		
National Research Fund	1.50	1.00		
Community Silver Trust	-	1.00		
Trust Fund for Workfare Special Bonus and Special Employment Credit	-	0.29		
Singapore Universities Trust Fund	2.00	-		
CPF Deferment and Voluntary Deferment Bonus	0.44	-		
LIFE Bonus	0.25	-		
Add:				
<b>NET INVESTMENT RETURNS CONTRIBUTION</b>	<b>7.83</b>	<b>7.78</b>	<b>(0.05)</b>	<b>(0.7)</b>
<b>OVERALL BUDGET SURPLUS / (DEFICIT)</b>	<b>(0.28)</b>	<b>0.08</b>		

Note: Due to rounding, figures may not add up.

<sup>1</sup> Surplus / (Deficit) before Special Transfers and Net Investment Returns Contribution.

<sup>2</sup> Special Transfers include Top-ups to Endowment and Trust Funds.

<sup>3</sup> Consist of Workfare Bonus Scheme, Workfare Income Supplement Scheme (Special Payment), Workfare Special Bonus, and Special Employment Credit. The Workfare Special Bonus and Special Employment Credit will be paid over three years from FY2011 to FY2013. FY2012 and FY2013 payments totalling \$291 million will be placed in a trust fund.

<sup>4</sup> Consist of CPF Ordinary Account, Pre-Medisave, Medisave and CPF Share Ownership Top-up Schemes.

<sup>5</sup> Consist of Child Development Credit, Top-ups to Edusave Accounts and Post-Secondary Education Accounts.

<sup>6</sup> Consist of Senior Pensioners Grant Scheme, Senior Citizens' Bonus, public transport vouchers and assistance through Citizens' Consultative Committees, funds set aside for Self-Help Groups and Voluntary Welfare Organisations and top-ups to School Advisory Committee/School Management Committee and Special Education.

<sup>7</sup> Consist of Jobs Credit, Productivity and Innovation Credit, Special Risk-Sharing Initiative, R&D Incentive for Start-up Enterprises, Assistance to SMEs and SME Cash Grant.

<sup>8</sup> Surplus / (Deficit) before Top-ups to Endowment and Trust Funds and Net Investment Returns Contribution.

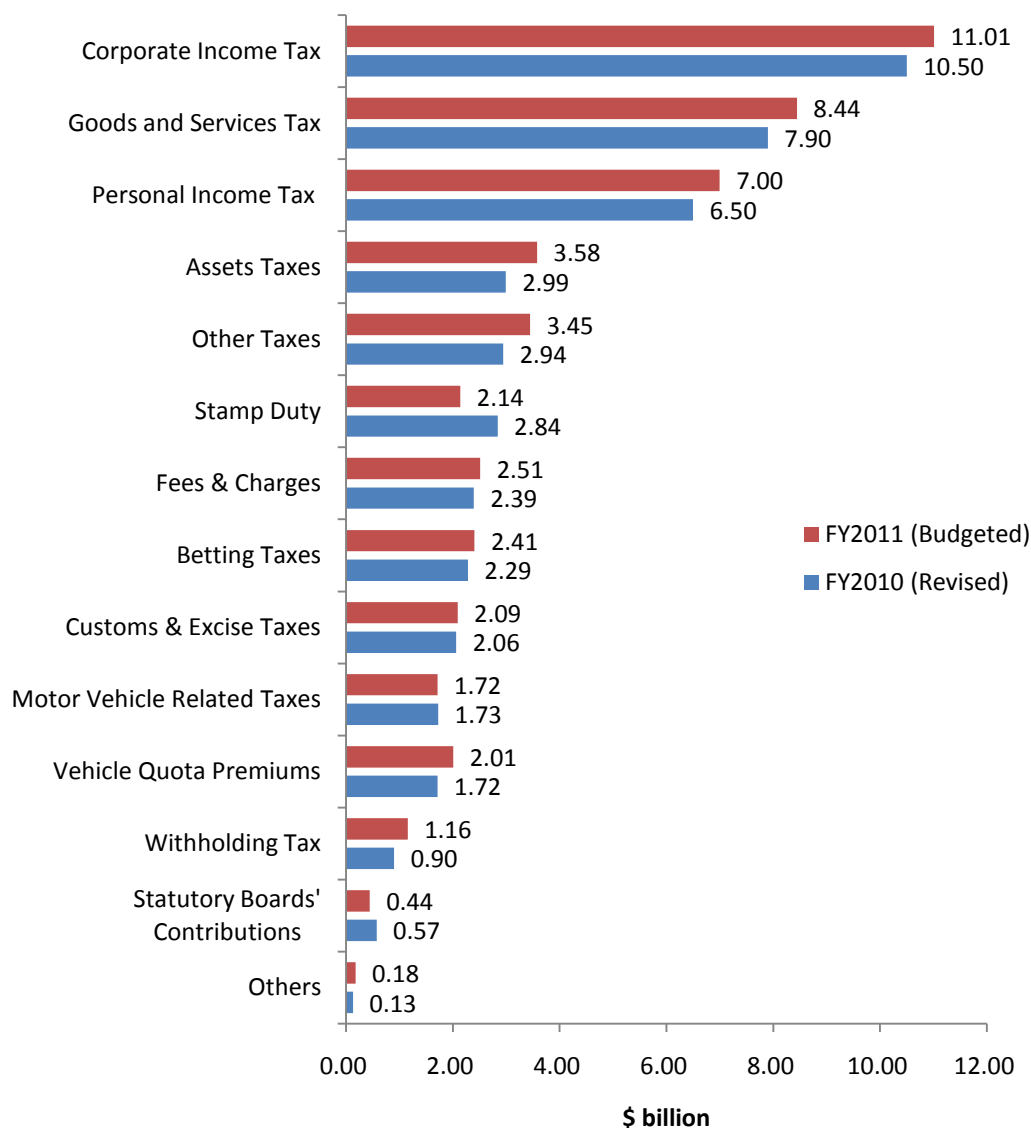
<sup>9</sup> Consist of Community Care Endowment Fund, Medical Endowment Fund, ElderCare Fund and Lifelong Learning Endowment Fund.

## BUDGET HIGHLIGHTS

### 2.3 Operating Revenue

Based on macroeconomic forecasts, Operating Revenue for FY2011 is estimated at \$48.1 billion, an increase of \$2.7 billion (or 5.9%) over the revised FY2010 estimate. As a percentage of GDP, FY2011 Operating Revenue is expected to decrease from 14.4% of GDP in FY2010 to 14.2% in FY2011. A comparison of FY2010 and FY2011 Operating Revenue is shown in [Chart 2.1](#).

**Chart 2.1: Breakdown of Government Operating Revenue (FY2010 & FY2011)**



#### Corporate Income Tax (CIT)

CIT collections are expected to increase by \$0.5 billion (or 4.9%) from the revised FY2010 estimate to \$11.0 billion in FY2011. This increase is largely attributed to strong levels of GDP growth in 2010 and 2011, which are expected to lead to higher corporate profits. However, this increase is partially offset by the 20% CIT rebate (capped at \$10,000) announced in Budget 2011.

Personal Income Tax (PIT)

PIT collections are expected to increase by \$0.5 billion (or 7.7%) from the revised FY2010 estimate to \$7.0 billion in FY2011 mainly due to higher wages and bonuses expected in 2010. This is moderated by the 20% PIT rebate (capped at \$2,000) announced in Budget 2011 as part of the 'Grow & Share' Package.

Goods and Services Tax (GST)

GST collections are estimated at \$8.4 billion, \$0.5 billion (or 6.9%) higher than the revised FY2010 estimate, in tandem with the projected growth in private consumption and tourism spending.

Property Related Taxes

Assets Taxes collections are projected to increase to \$3.6 billion in FY2011, \$0.6 billion (or 19.6%) higher than the revised FY2010 estimate. This increase is expected to be largely driven by tax collections for industrial and commercial properties.

Stamp Duty collections are projected to decrease by \$0.7 billion (or 24.6%) from the revised FY2010 estimate to \$2.1 billion in FY2011, due to fewer transactions arising from the property market cooling measures introduced in January 2011.

Motor Vehicle Related Revenues

Motor Vehicle Related Taxes are estimated to be \$1.7 billion in FY2011, a marginal decrease of \$14 million (or 0.8%) from the revised FY2010 estimate. With the increase in COE quota for 2011, payout of Preferential Additional Registration Fee (PARF) rebates is expected to rise due to the expected increase in de-registration rates. Vehicle Quota Premium collections are projected to increase by \$0.3 billion (or 17.0%) from the revised FY2010 estimate to \$2.0 billion in FY2011.

Betting Taxes

Betting Taxes are estimated to increase by \$0.1 billion (or 5.3%) to \$2.4 billion from the revised FY2010 estimate, on account of anticipated increase in revenues from the Integrated Resorts.

The time series for the revenue items are provided in [Tables 3.2a](#) and [3.2b](#) in the Statistical Annex.

**2.4 Total Expenditure**

FY2011 Total Expenditure is estimated to be \$47.1 billion (13.9% of GDP). The main increases in expenditures are in Education, National Development and Defence. Education spending is expected to go up by \$1.0 billion (or 10.1%) with increased funding to Institutions of Higher Learning (IHLs), and for development projects such as the 3rd Regional Campus for the Institute of Technical Education (ITE) and infrastructure enhancements of primary schools. National Development expenditures is expected to increase by \$0.1 billion (or 3.9%) mainly for higher spending in the Public Housing Development Programme. Defence spending is expected to grow by \$0.6 billion (or 5.4%) to fund higher manpower costs and operational expenses.

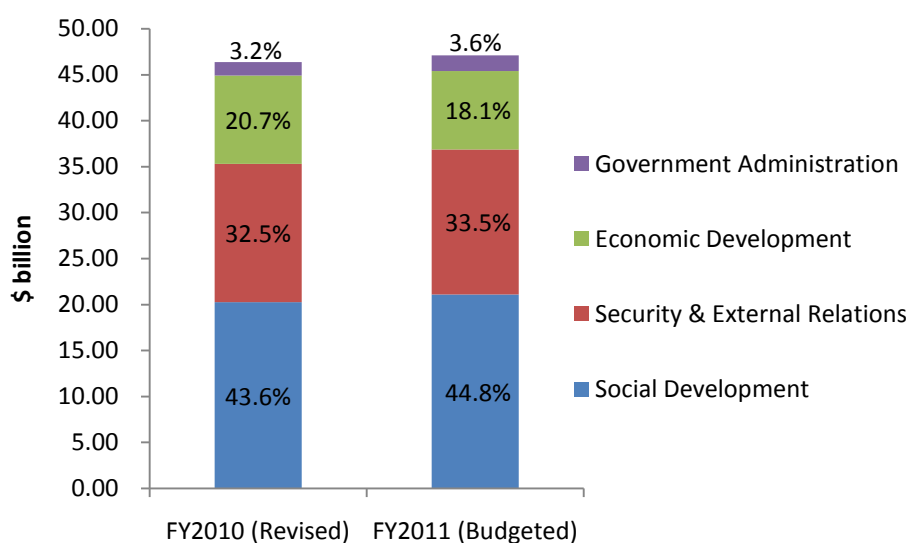


## BUDGET HIGHLIGHTS

Expenditures in other ministries are generally expected to decrease off a high base in FY2010 when higher bonus payments were made. Several large projects undertaken were completed and thus will not be carried into FY2011, such as the Khoo Teck Puat Hospital (MOH) and the Youth Olympic Games (MCYS). Project cash flows for the Circle Line (MOT) and the Next Generation National Broadband Network (MICA) is also expected to tail off in FY2011.

The Social Development sector continues to take up the largest share of total expenditure at 44.8% in FY2011, an increase from 43.6% in FY2010 (see [Chart 2.2](#)). This reflects our long-term commitment to boost spending in Education (\$11.0 billion) and Healthcare (\$4.1 billion).

**Chart 2.2: Breakdown of Government Total Expenditure (FY2010 & FY2011)\***



\* Percentages indicate share of Total Expenditure

The breakdown of government expenditure within the sectors is provided in [Tables 3.5a](#) and [3.5b](#) in the Statistical Annex.

### Development Expenditure

Development Expenditure is expected to decrease by \$1.1 billion (or 8.7%) to \$11.2 billion in FY2011. This decrease is mainly attributed to lower cash flow requirements for rail transport projects due to the completion of the Circle Line, and key infrastructure projects such as the Khoo Teck Puat Hospital in FY2010.

### Operating Expenditure

Operating Expenditure is projected to rise by \$1.8 billion (or 5.2%) from the revised FY2010 estimate to \$35.9 billion in FY2011. This increase is mainly attributed to higher expenditure for the Public Housing Development Programme under MND (increase of about \$0.2 billion); and higher funding for IHLs (increase of about \$0.7 billion).

Social Transfers to Individuals are expected to grow from \$1.6 billion in FY2010 to \$1.7 billion in FY2011. These include scholarships, bursaries, childcare schemes, public assistance schemes, Workfare and healthcare schemes. As part of Budget 2011, further support will be provided to lower-income households through increases in bursaries and subsidies for pre-school and tertiary education, revision of the Public Assistance rates and

Special Housing Grants for low-income families. Further details on the breakdown of Operating Expenditure are in [Table 3.6](#) of the Statistical Annex.

## 2.5 Special Transfers

To share the fruits of good economic performance in 2010, Budget 2011 will provide special transfers in FY2011, which consists of measures for Singaporeans and businesses as well as top-ups to endowment and trust funds. These will include a total of **\$6.6 billion** in benefits to households comprising a **\$3.2 billion 'Grow & Share' Package** for FY2011 and **\$3.4 billion** set aside for longer-term social investments for the well-being of Singaporeans.

### 'Grow & Share' Package (\$3.2 billion)

The **'Grow & Share' Package** announced in Budget 2011 will comprise \$2.6 billion in Special Transfers and \$0.6 billion in PIT rebates (Details in [Table 2.2](#)).

**Table 2.2: 'Grow & Share' Package**

Measures	Total Cost in FY2011 (\$ million)
Personal Income Tax Rebates	580
<b>Special Transfers</b>	<b>2,594</b>
Growth Dividends	1,549
Top-ups to CPF Medisave Accounts	504
Workfare Special Bonus	224*
Additional Utilities-Save Rebates	163
Additional Service and Conservancy Charges Rebates	31
Child Development Credit	93
Others <sup>#</sup>	30
<b>Total</b>	<b>3,174</b>

\* Taken together with \$226 million set aside in a trust for payments in FY2012 and FY2013, total Workfare Special Bonus would add up to \$450 million.

<sup>#</sup> Consists of funds set aside for Self-Help Groups and Voluntary Welfare Organisations; top-ups to School Advisory Committee/ School Management Committee & Special Education.

### Top-ups to Funds for Longer-term Social Investments (\$3.4 billion)

Budget 2011 included top-ups to the following funds that support long-term care for our seniors, provides assistance for the needy, and encourages lifelong learning (Details in [Table 2.3](#)).

## BUDGET HIGHLIGHTS

**Table 2.3: Top-ups to Funds for Longer-term Social Investments**

Measures	Top-up Amount in FY2011 (\$ million)
<u>Community Silver Trust:</u> To support growth of a vibrant step-down care sector. The trust will operate via matching donations to VWOs, with the monies being used to build up their capabilities and provide better quality care.	1,000
<u>ElderCare Fund:</u> To provide for the healthcare needs of the elderly.	700
<u>Medical Endowment Fund:</u> To provide for the healthcare needs of the needy.	500
<u>Community Care Endowment Fund:</u> To provide support for social and financial needs of low-income Singaporean families.	500
<u>Lifelong Learning Endowment Fund:</u> To support Continuing Education and Training.	500
Funds set aside for the payment of <u>Workfare Special Bonus</u> over FY2012 to FY2013	226
<b>Total</b>	<b>3,426</b>

### Special Transfers to Businesses (\$0.5 billion)

Budget 2011 also announced special transfers to businesses totalling \$0.5 billion. This consists mainly of a SME Cash Grant of \$420 million to help businesses with rising costs, and a Special Employment Credit of \$35 million<sup>7</sup> to incentivise companies to employ older low-wage workers.

### Injections to Funds to Build Up Economic Capabilities (\$2.1 billion)

Budget 2011 also included injections to the following funds to support innovation and the deepening of skills and capabilities:

- (a) \$1.0 billion to the National Productivity Fund to support investments in productivity.
- (b) \$1.0 billion to the National Research Fund. The top-up to the fund provides continued support to our commitment on R&D initiatives.
- (c) \$0.1 billion for the payment of Special Employment Credit over FY2012 to FY2013.

<sup>7</sup> \$35 million is expected to be paid out in FY2011, while \$65 million will be set aside in a trust for payments in FY2012 and FY2013.

Special Transfers Committed from Previous Budgets (\$0.1 billion)

Special Transfers committed from previous budgets to be paid out in FY2011 sum up to \$0.1 billion.

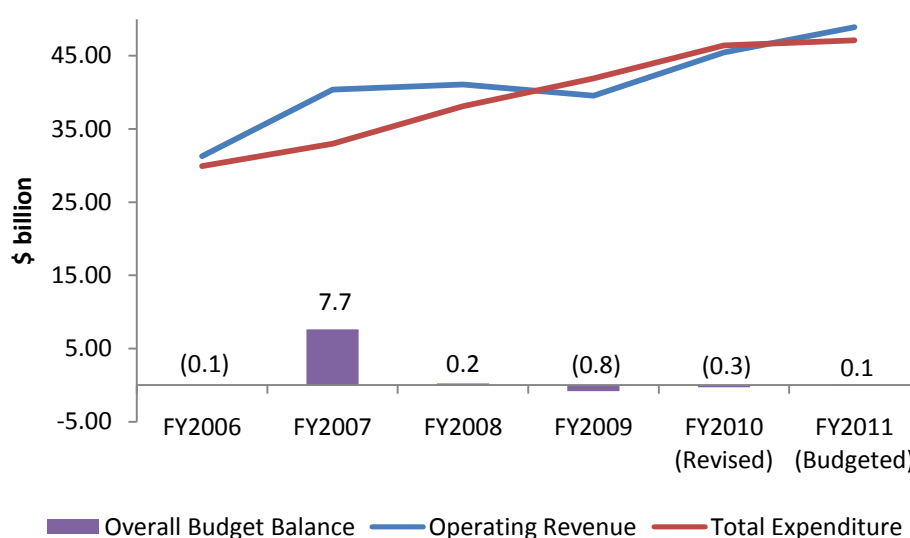
**Table 2.3: Special Transfers Committed from Previous Budgets**

Measures	Total Cost in FY2011 (\$ million)
Utilities-Save Rebates	69
Service and Conservancy Charges Rebates	39
Others*	25
<b>Total</b>	<b>133</b>

\* Others include Special Transfers previously committed such as Jobs Credit, GST Credits, R&D Incentives for Start-up Enterprises; and other measures for elderly and lower-income groups.

**2.6 Balanced Budget over Medium Term**

The Government will continue to maintain a balanced budget over the medium term (see [Chart 2.3](#)), reflecting the fiscal sustainability of its measures. It also ensures the fiscal surpluses accumulated over past terms of Government would be protected and maintained as a strategic resource for Singapore.

**Chart 2.3: Government Budget Position (FY2006 to FY2011)****2.7 Macroeconomic Stability**

The macroeconomic impact of the Budget is measured through the fiscal impulse. A positive fiscal impulse indicates an expansionary fiscal stance while a negative fiscal impulse indicates a contractionary stance.

The output gap is the difference between the actual level of activity in an economy (as measured by GDP) versus the sustainable amount of activity given the capacity of the economy, i.e. the maximum level of GDP that can be sustained without creating inflationary pressures.

## BUDGET HIGHLIGHTS

To promote macroeconomic stability, the Government's fiscal policies aim to be countercyclical. They aim to be contractionary to prevent overheating when the economy has a positive output gap; and expansionary to stimulate growth when the economy has a negative output gap, i.e. when the economy has excess capacity.

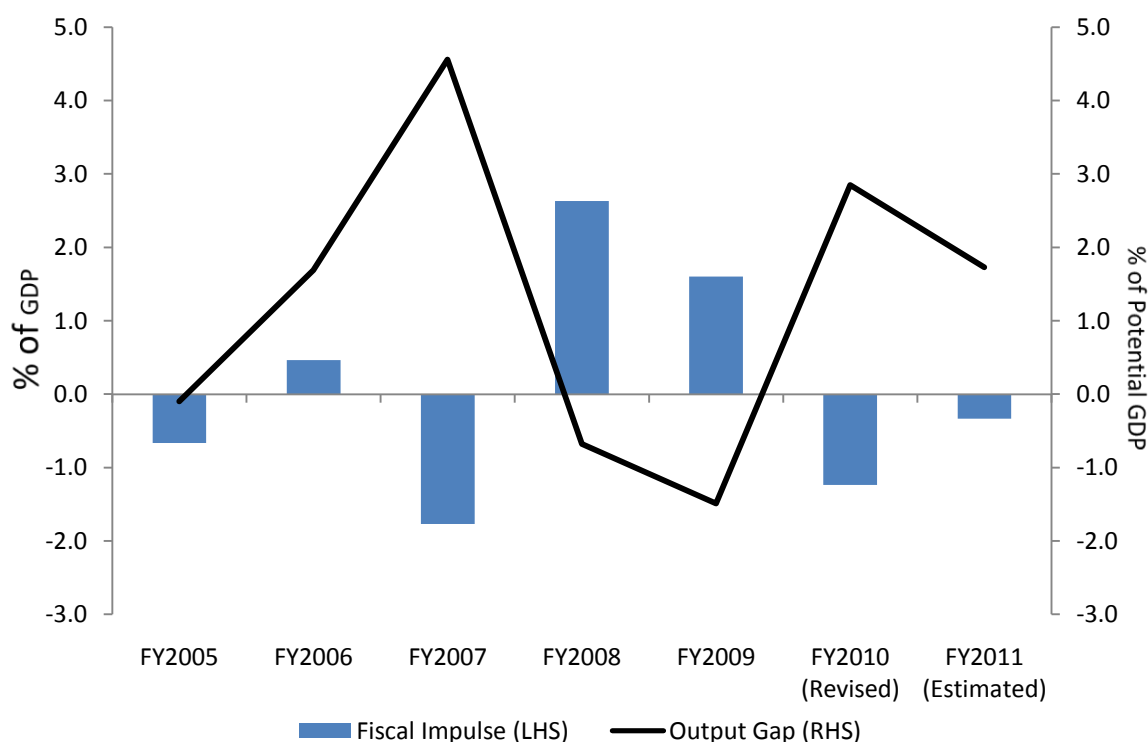
### Appropriate Fiscal Stance for FY2010 and FY2011

Singapore's economic performance in 2010 turned out to be much stronger than expected, with broad-based growth across Manufacturing and Services sectors. The fiscal impulse for FY2010 is expected to be more negative than what was estimated at the start of the financial year due to higher-than-expected withdrawals from the economy in the form of higher CIT, GST and Stamp Duty collections. The more contractionary fiscal stance for FY2010 is appropriate given that the output gap was also more positive than expected.

In FY2011, Singapore's output gap is expected to remain positive given the stable recovery and above-potential growth. Government revenue, expected to continue recovering on the back of positive GDP growth, will contribute to a contractionary fiscal stance. Government expenditure will continue to focus on longer-term measures aimed at sustaining growth.

Over the economic cycle, fiscal policy has been appropriately countercyclical. The fiscal impulse has been in opposite direction to the output gap (see [Chart 2.4](#)).

**Chart 2.4: Fiscal Impulse and Output Gap**





# **STATISTICAL ANNEX**

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**Table 3.1a: Overall Fiscal Position for FY2005 to FY2011 (\$ million)**

	<u>FY2005</u>	<u>FY2006</u>	<u>FY2007</u>	<u>FY2008</u>	<u>FY2009</u>	<u>FY2010 (Revised)</u>	<u>FY2011 (Budgeted)</u>
<b>Operating Revenue</b>	<b>28,171</b>	<b>31,289</b>	<b>40,375</b>	<b>41,086</b>	<b>39,547</b>	<b>45,462</b>	<b>48,124</b>
Tax Revenue	25,687	28,827	36,630	37,709	36,617	41,223	43,427
Fees and Charges	2,246	2,203	3,630	3,212	2,765	4,108	4,519
Others	238	259	115	165	165	130	179
<b>Total Expenditure</b>	<b>28,634</b>	<b>29,905</b>	<b>32,982</b>	<b>38,091</b>	<b>41,891</b>	<b>46,393</b>	<b>47,100</b>
Operating Expenditure	21,445	23,925	25,952	28,734	30,909	34,132	35,902
Development Expenditure <sup>1</sup>	7,189	5,980	7,030	9,357	10,982	12,261	11,198
<b>Primary Surplus/(Deficit)</b>	<b>-463</b>	<b>1,384</b>	<b>7,393</b>	<b>2,996</b>	<b>-2,344</b>	<b>-931</b>	<b>1,025</b>
<b>Special Transfers<sup>2</sup></b>	<b>829</b>	<b>3,570</b>	<b>2,142</b>	<b>7,099</b>	<b>5,481</b>	<b>7,181</b>	<b>8,729</b>
Special Transfers Excluding Top-ups to Endowment and Trust Funds	579	2,622	1,342	4,089	4,071	1,591	3,239
<b>Basic Surplus/(Deficit)<sup>3</sup></b>	<b>-1,041</b>	<b>-1,238</b>	<b>6,051</b>	<b>-1,093</b>	<b>-6,416</b>	<b>-2,522</b>	<b>-2,214</b>
Top-ups to Endowment <sup>4</sup> and Trust Funds	250	948	800	3,010	1,410	5,590	5,492
<b>NII/NIR Contribution<sup>5</sup></b>	<b>2,777</b>	<b>2,131</b>	<b>2,405</b>	<b>4,343</b>	<b>7,009</b>	<b>7,835</b>	<b>7,781</b>
<b>Overall Budget Surplus/ (Deficit)</b>	<b>1,486</b>	<b>-55</b>	<b>7,656</b>	<b>239</b>	<b>-817</b>	<b>-278</b>	<b>76</b>

**Table 3.1b: Overall Fiscal Position for FY2005 to FY2011 (% of GDP)**

	<u>FY2005</u>	<u>FY2006</u>	<u>FY2007</u>	<u>FY2008</u>	<u>FY2009</u>	<u>FY2010 (Revised)</u>	<u>FY2011 (Budgeted)</u>
<b>Operating Revenue</b>	<b>13.7%</b>	<b>13.2%</b>	<b>14.8%</b>	<b>15.4%</b>	<b>14.4%</b>	<b>14.4%</b>	<b>14.2%</b>
Tax Revenue	12.5%	12.1%	13.5%	14.1%	13.3%	13.1%	12.8%
Fees and Charges	1.1%	0.9%	1.3%	1.2%	1.0%	1.3%	1.3%
Others	0.1%	0.1%	0.0%	0.1%	0.1%	0.0%	0.1%
<b>Total Expenditure</b>	<b>13.9%</b>	<b>12.6%</b>	<b>12.1%</b>	<b>14.3%</b>	<b>15.3%</b>	<b>14.7%</b>	<b>13.9%</b>
Operating Expenditure	10.4%	10.1%	9.5%	10.8%	11.3%	10.8%	10.6%
Development Expenditure <sup>1</sup>	3.5%	2.5%	2.6%	3.5%	4.0%	3.9%	3.3%
<b>Primary Surplus/(Deficit)</b>	<b>-0.2%</b>	<b>0.6%</b>	<b>2.7%</b>	<b>1.1%</b>	<b>-0.9%</b>	<b>-0.3%</b>	<b>0.3%</b>
<b>Special Transfers<sup>2</sup></b>	<b>0.4%</b>	<b>1.5%</b>	<b>0.8%</b>	<b>2.7%</b>	<b>2.0%</b>	<b>2.3%</b>	<b>2.6%</b>
Special Transfers Excluding Top-ups to Endowment and Trust Funds	0.3%	1.1%	0.5%	1.5%	1.5%	0.5%	1.0%
<b>Basic Surplus/(Deficit)<sup>3</sup></b>	<b>-0.5%</b>	<b>-0.5%</b>	<b>2.2%</b>	<b>-0.4%</b>	<b>-2.3%</b>	<b>-0.8%</b>	<b>-0.7%</b>
Top-ups to Endowment <sup>4</sup> and Trust Funds:	0.1%	0.4%	0.3%	1.1%	0.5%	1.8%	1.6%
<b>NII/NIR Contribution<sup>5</sup></b>	<b>1.3%</b>	<b>0.9%</b>	<b>0.9%</b>	<b>1.6%</b>	<b>2.6%</b>	<b>2.5%</b>	<b>2.3%</b>
<b>Overall Budget Surplus/ (Deficit)</b>	<b>0.7%</b>	<b>0.0%</b>	<b>2.8%</b>	<b>0.1%</b>	<b>-0.3%</b>	<b>-0.1%</b>	<b>0.0%</b>

\* Fiscal Position may not be comparable across years due to reclassification of revenue and expenditure items. Figures may not add up due to rounding.

<sup>1</sup> Development Expenditure excludes land-related expenditure.

<sup>2</sup> Special Transfers include Top-ups to Endowment and Trust Funds.

<sup>3</sup> Surplus / (Deficit) before Top-ups to Endowment and Trust Funds and Net Investment Income / Returns Contribution.

<sup>4</sup> Consist of Edusave Endowment Fund, Community Care Endowment Fund, Medical Endowment Fund, ElderCare Fund and Lifelong Learning Endowment Fund.

<sup>5</sup> Prior to FY2009, up to 50% of Net Investment Income (NII) could be taken into the annual budget for spending. With effect from FY2009, under the Net Investment Returns (NIR) framework, up to 50% of the expected long-term real returns on relevant assets specified the Constitution could be taken for spending. For the other assets, up to 50% of investment income could continue to be used for spending in the annual budget.



**Table 3.2a: Revenue Collections for FY2005 to FY2011 (\$ million)**

	<u>FY2005</u>	<u>FY2006</u>	<u>FY2007</u>	<u>FY2008</u>	<u>FY2009</u>	<u>FY2010 (Revised)</u>	<u>FY2011 (Budgeted)</u>
<b>Operating Revenue</b>	<b>28,171</b>	<b>31,289</b>	<b>40,375</b>	<b>41,086</b>	<b>39,547</b>	<b>45,462</b>	<b>48,124</b>
Corporate Income Tax	7,340	8,474	9,250	10,554	9,551	10,500	11,010
Personal Income Tax	3,425	3,743	4,537	5,414	6,114	6,500	6,998
Withholding Tax	898	964	1,150	1,176	1,137	900	1,158
Statutory Boards' Contributions	1,249	955	1,683	2,143	410	573	444
Assets Taxes	1,910	2,112	2,582	2,904	1,987	2,991	3,576
Customs and Excise Taxes	1,973	1,887	1,985	2,065	2,125	2,063	2,089
Goods and Services Tax	3,815	3,978	6,165	6,487	6,914	7,900	8,445
Motor Vehicle Related Taxes	1,432	1,745	2,189	1,835	1,856	1,729	1,715
Vehicle Quota Premiums	321	93	673	367	623	1,716	2,008
Betting Taxes	1,501	1,571	1,713	1,771	1,727	2,285	2,405
Other Taxes	2,143	3,399	5,375	3,361	4,796	5,782	5,587
Other Fees and Charges	1,925	2,109	2,956	2,845	2,142	2,392	2,511
Others	238	259	115	165	165	130	179

**Table 3.2b: Revenue Collections for FY2005 to FY2011 (% of GDP)**

	<u>FY2005</u>	<u>FY2006</u>	<u>FY2007</u>	<u>FY2008</u>	<u>FY2009</u>	<u>FY2010 (Revised)</u>	<u>FY2011 (Budgeted)</u>
<b>Operating Revenue</b>	<b>13.7%</b>	<b>13.2%</b>	<b>14.8%</b>	<b>15.4%</b>	<b>14.4%</b>	<b>14.4%</b>	<b>14.2%</b>
Corporate Income Tax	3.6%	3.6%	3.4%	3.9%	3.5%	3.3%	3.2%
Personal Income Tax	1.7%	1.6%	1.7%	2.0%	2.2%	2.1%	2.1%
Withholding Tax	0.4%	0.4%	0.4%	0.4%	0.4%	0.3%	0.3%
Statutory Boards' Contributions	0.6%	0.4%	0.6%	0.8%	0.1%	0.2%	0.1%
Assets Taxes	0.9%	0.9%	0.9%	1.1%	0.7%	0.9%	1.1%
Customs and Excise Taxes	1.0%	0.8%	0.7%	0.8%	0.8%	0.7%	0.6%
Goods and Services Tax	1.9%	1.7%	2.3%	2.4%	2.5%	2.5%	2.5%
Motor Vehicle Related Taxes	0.7%	0.7%	0.8%	0.7%	0.7%	0.5%	0.5%
Vehicle Quota Premiums	0.2%	0.0%	0.2%	0.1%	0.2%	0.5%	0.6%
Betting Taxes	0.7%	0.7%	0.6%	0.7%	0.6%	0.7%	0.7%
Other Taxes	1.0%	1.4%	2.0%	1.3%	1.7%	1.8%	1.6%
Other Fees and Charges	0.9%	0.9%	1.1%	1.1%	0.8%	0.8%	0.7%
Others	0.1%	0.1%	0.0%	0.1%	0.1%	0.0%	0.1%

\* Figures may not add up due to rounding.

**Table 3.3: Operating Expenditure by Sector for FY2005 to FY2011 (\$ million)**

	<b>FY2005</b>	<b>FY2006</b>	<b>FY2007</b>	<b>FY2008</b>	<b>FY2009</b>	<b>FY2010 (Revised)</b>	<b>FY2011 (Budgeted)</b>
<b>Total</b>	<b>21,445</b>	<b>23,925</b>	<b>25,952</b>	<b>28,734</b>	<b>30,909</b>	<b>34,132</b>	<b>35,902</b>
<b>Social Development</b>	<b>8,778</b>	<b>10,520</b>	<b>11,473</b>	<b>12,860</b>	<b>14,360</b>	<b>16,413</b>	<b>17,384</b>
Education	5,215	6,352	6,786	7,477	7,838	9,031	9,767
National Development	336	671	900	805	959	809	1,031
Health	1,680	1,840	2,019	2,379	2,920	3,458	3,580
Environment and Water Resources	408	414	453	606	656	732	727
Community Development, Youth and Sports	844	903	962	1,182	1,565	1,879	1,775
Information, Communications and the Arts	294	341	352	412	422	504	504
<b>Security &amp; External Relations</b>	<b>10,981</b>	<b>11,540</b>	<b>12,400</b>	<b>13,219</b>	<b>13,523</b>	<b>14,339</b>	<b>14,986</b>
Defence	8,889	9,273	9,660	10,397	10,603	11,015	11,595
Home Affairs	1,825	2,010	2,428	2,478	2,577	2,957	3,029
Foreign Affairs	267	257	311	344	343	367	362
<b>Economic Development</b>	<b>919</b>	<b>984</b>	<b>1,112</b>	<b>1,623</b>	<b>1,919</b>	<b>2,127</b>	<b>2,133</b>
Transport	277	285	321	367	371	467	475
Trade and Industry	436	473	528	660	704	698	655
Manpower	166	188	227	564	768	874	854
Info-Communications and Media Development	39	38	37	33	76	87	149
<b>Government Administration</b>	<b>768</b>	<b>880</b>	<b>967</b>	<b>1,030</b>	<b>1,107</b>	<b>1,253</b>	<b>1,398</b>
Finance	345	428	438	484	528	554	613
Law	100	106	107	118	127	122	137
Organs of State	186	195	247	235	249	323	336
Prime Minister's Office	136	151	176	194	203	254	312

\* Figures may not add up due to rounding.

**Table 3.4: Development Expenditure by Sector for FY2005 to FY2011 (\$ million)**

	<u>FY2005</u>	<u>FY2006</u>	<u>FY2007</u>	<u>FY2008</u>	<u>FY2009</u>	<u>FY2010 (Revised)</u>	<u>FY2011 (Budgeted)</u>
<b>Total<sup>1</sup></b>	<b>7,189</b>	<b>5,980</b>	<b>7,030</b>	<b>9,357</b>	<b>10,982</b>	<b>12,261</b>	<b>11,198</b>
<b>Social Development</b>	<b>2,944</b>	<b>2,141</b>	<b>2,824</b>	<b>2,738</b>	<b>3,431</b>	<b>3,836</b>	<b>3,707</b>
Education	867	608	742	753	847	879	1,144
National Development	1,010	675	1,187	1,095	1,307	1,664	1,539
Health	85	96	185	336	711	644	497
Environment and Water Resources	775	570	381	325	323	414	411
Community Development, Youth and Sports	97	103	234	96	115	131	57
Information, Communications and the Arts	110	89	95	132	128	105	59
<b>Security &amp; External Relations</b>	<b>869</b>	<b>840</b>	<b>829</b>	<b>777</b>	<b>861</b>	<b>719</b>	<b>789</b>
Defence	363	355	349	328	440	440	480
Home Affairs	460	399	396	387	350	243	264
Foreign Affairs	46	86	83	61	71	36	45
<b>Economic Development</b>	<b>2,746</b>	<b>2,786</b>	<b>3,189</b>	<b>5,644</b>	<b>6,539</b>	<b>7,426</b>	<b>6,364</b>
Transport	1,617	1,518	1,621	3,379	4,082	4,186	3,592
Trade and Industry	1,055	1,207	1,516	2,183	2,334	2,722	2,484
Manpower	36	15	24	35	23	44	68
Info-Communications and Media Development	39	46	28	48	38	530	266
<b>Government Administration</b>	<b>630</b>	<b>213</b>	<b>187</b>	<b>198</b>	<b>213</b>	<b>224</b>	<b>292</b>
Finance	350	10	44	25	17	25	145
Law	218	167	123	153	166	148	89
Organs of State	31	11	6	10	17	16	23
Prime Minister's Office	32	25	14	9	12	36	35

\* Figures may not add up due to rounding.

<sup>1</sup> Development Expenditure excludes land-related expenditure.

**Table 3.5a: Total Expenditure by Sector for FY2005 to FY2011 (\$ million)**

	<u>FY2005</u>	<u>FY2006</u>	<u>FY2007</u>	<u>FY2008</u>	<u>FY2009</u>	<u>FY2010 (Revised)</u>	<u>FY2011 (Budgeted)</u>
<b>Total<sup>1</sup></b>	<b>28,634</b>	<b>29,905</b>	<b>32,982</b>	<b>38,091</b>	<b>41,891</b>	<b>46,393</b>	<b>47,100</b>
<b>Social Development</b>	<b>11,721</b>	<b>12,661</b>	<b>14,297</b>	<b>15,598</b>	<b>17,791</b>	<b>20,249</b>	<b>21,091</b>
Education	6,082	6,959	7,528	8,230	8,685	9,910	10,911
National Development	1,346	1,347	2,087	1,900	2,266	2,472	2,570
Health	1,765	1,936	2,205	2,715	3,631	4,101	4,077
Environment and Water Resources	1,183	984	834	931	979	1,146	1,138
Community Development, Youth and Sports	941	1,006	1,196	1,278	1,680	2,010	1,832
Information, Communications and the Arts	404	430	448	545	550	609	563
<b>Security &amp; External Relations</b>	<b>11,850</b>	<b>12,380</b>	<b>13,228</b>	<b>13,996</b>	<b>14,383</b>	<b>15,058</b>	<b>15,775</b>
Defence	9,252	9,628	10,009	10,726	11,043	11,455	12,075
Home Affairs	2,285	2,409	2,824	2,865	2,927	3,200	3,293
Foreign Affairs	313	343	394	406	413	403	407
<b>Economic Development</b>	<b>3,665</b>	<b>3,770</b>	<b>4,301</b>	<b>7,268</b>	<b>8,396</b>	<b>9,609</b>	<b>8,544</b>
Transport	1,894	1,803	1,942	3,746	4,453	4,653	4,068
Trade and Industry	1,491	1,680	2,043	2,843	3,038	3,420	3,139
Manpower	202	204	251	599	791	918	922
Info-Communications and Media Development	78	83	65	81	114	617	415
<b>Government Administration</b>	<b>1,398</b>	<b>1,094</b>	<b>1,155</b>	<b>1,228</b>	<b>1,320</b>	<b>1,477</b>	<b>1,690</b>
Finance	696	438	482	509	545	579	757
Law	318	273	229	271	293	269	226
Organs of State	217	206	253	245	267	339	359
Prime Minister's Office	167	177	190	203	215	290	348

\* Figures may not add up due to rounding.

<sup>1</sup> Development Expenditure excludes land-related expenditure.

**Table 3.5b: Total Expenditure by Sector for FY2005 to FY2011 (% of GDP)**

	<u>FY2005</u>	<u>FY2006</u>	<u>FY2007</u>	<u>FY2008</u>	<u>FY2009</u>	<u>FY2010 (Revised)</u>	<u>FY2011 (Budgeted)</u>
<b>Total<sup>1</sup></b>	<b>13.9%</b>	<b>12.6%</b>	<b>12.1%</b>	<b>14.3%</b>	<b>15.3%</b>	<b>14.7%</b>	<b>13.9%</b>
<b>Social Development</b>	<b>5.7%</b>	<b>5.3%</b>	<b>5.3%</b>	<b>5.8%</b>	<b>6.5%</b>	<b>6.4%</b>	<b>6.2%</b>
Education	2.9%	2.9%	2.8%	3.1%	3.2%	3.1%	3.2%
National Development	0.7%	0.6%	0.8%	0.7%	0.8%	0.8%	0.8%
Health	0.9%	0.8%	0.8%	1.0%	1.3%	1.3%	1.2%
Environment and Water Resources	0.6%	0.4%	0.3%	0.3%	0.4%	0.4%	0.3%
Community Development, Youth and Sports	0.5%	0.4%	0.4%	0.5%	0.6%	0.6%	0.5%
Information, Communications and the Arts	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%
<b>Security &amp; External Relations</b>	<b>5.7%</b>	<b>5.2%</b>	<b>4.9%</b>	<b>5.2%</b>	<b>5.2%</b>	<b>4.8%</b>	<b>4.6%</b>
Defence	4.5%	4.1%	3.7%	4.0%	4.0%	3.6%	3.6%
Home Affairs	1.1%	1.0%	1.0%	1.1%	1.1%	1.0%	1.0%
Foreign Affairs	0.2%	0.1%	0.1%	0.2%	0.2%	0.1%	0.1%
<b>Economic Development</b>	<b>1.8%</b>	<b>1.6%</b>	<b>1.6%</b>	<b>2.7%</b>	<b>3.1%</b>	<b>3.0%</b>	<b>2.5%</b>
Transport	0.9%	0.8%	0.7%	1.4%	1.6%	1.5%	1.2%
Trade and Industry	0.7%	0.7%	0.8%	1.1%	1.1%	1.1%	0.9%
Manpower	0.1%	0.1%	0.1%	0.2%	0.3%	0.3%	0.3%
Info-Communications and Media Development	0.0%	0.0%	0.0%	0.0%	0.0%	0.2%	0.1%
<b>Government Administration</b>	<b>0.7%</b>	<b>0.5%</b>	<b>0.4%</b>	<b>0.5%</b>	<b>0.5%</b>	<b>0.5%</b>	<b>0.5%</b>
Finance	0.3%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%
Law	0.2%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%
Organs of State	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%
Prime Minister's Office	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%

\* Figures may not add up due to rounding.

<sup>1</sup> Development Expenditure excludes land-related expenditure.

**Table 3.6: Total Expenditure by Expenditure Type for FY2005 to FY2011 (\$ million)**

	<b>FY2005</b>	<b>FY2006</b>	<b>FY2007</b>	<b>FY2008</b>	<b>FY2009</b>	<b>FY2010 (Revised)</b>	<b>FY2011 (Budgeted)</b>
<b>Total Expenditure</b>	<b>28,634</b>	<b>29,905</b>	<b>32,982</b>	<b>38,091</b>	<b>41,891</b>	<b>46,393</b>	<b>47,100</b>
<b>Operating Expenditure</b>	<b>21,445</b>	<b>23,925</b>	<b>25,952</b>	<b>28,734</b>	<b>30,909</b>	<b>34,132</b>	<b>35,902</b>
<b>Running Costs</b>	<b>18,874</b>	<b>19,666</b>	<b>21,710</b>	<b>23,082</b>	<b>24,232</b>	<b>26,642</b>	<b>27,502</b>
Expenditure on Manpower	3,629	3,914	4,736	4,677	4,765	5,862	5,751
Other Operating Expenditure	11,001	11,835	12,763	13,537	13,974	14,737	15,505
Grants, Subventions & Capital Injections to Organisations <sup>1</sup>	4,244	3,918	4,211	4,868	5,493	6,043	6,246
<b>Transfers</b>	<b>2,570</b>	<b>4,259</b>	<b>4,242</b>	<b>5,651</b>	<b>6,677</b>	<b>7,490</b>	<b>8,400</b>
Social Transfers to Individuals <sup>2</sup>	546	611	665	1,134	1,409	1,625	1,745
Transfers to Institutions & Organisations <sup>3</sup>	1,918	3,542	3,470	4,398	5,131	5,730	6,539
International Organisations & Overseas Development Assistance <sup>3</sup>	106	106	107	119	137	135	116
<b>Development Expenditure<sup>4</sup></b>	<b>7,189</b>	<b>5,980</b>	<b>7,030</b>	<b>9,357</b>	<b>10,982</b>	<b>12,261</b>	<b>11,198</b>
Government Development <sup>5</sup>	3,522	2,760	3,086	3,285	4,309	4,687	4,893
Grants & Capital Injections to Organisations <sup>6</sup>	3,667	3,220	3,944	6,072	6,673	7,575	6,306

\* Figures may not add up due to rounding.

<sup>1</sup> Prior to FY2011, 'Grants, Subventions & Capital Injections to Organisations' was classified separately as 'Operating Grant' and 'Capital Injections' under Running Costs.

<sup>2</sup> This was previously named 'Social Transfers'.

<sup>3</sup> Prior to FY2011, 'Transfers to Institutions & Organisations' and 'International Organisations & Overseas Development Assistance' were classified as a single item 'Subventions' under 'Transfers'.

<sup>4</sup> Development Expenditure excludes land-related expenditure.

<sup>5</sup> This was previously named 'Direct Development'.

<sup>6</sup> Prior to FY2011, 'Grants & Capital Injections to Organisations' was classified separately as 'Capital Grant' and 'Capital Injections' under 'Development Expenditure'.

**Table 3.7: Headcount by Ministry for FY2005 to FY2011**

	<u>FY2005</u> <sup>1</sup>	<u>FY2006</u>	<u>FY2007</u>	<u>FY2008</u>	<u>FY2009</u>	<u>FY2010</u> <u>(Revised)</u> <sup>2</sup>	<u>FY2011</u> <u>(Budgeted)</u> <sup>3</sup>
Civil List	52	48	53	55	54	62	62
Attorney-General's Chambers	270	254	253	267	338	424	518
Auditor-General's Office	112	103	104	114	145	170	182
Cabinet Office	10	10	11	11	12	12	12
Judicature	540	513	537	566	616	822	858
Parliament	52	50	46	44	42	57	57
Presidential Councils	8	8	8	8	8	6	6
Public Service Commission	9	9	10	9	12	13	14
Community Development, Youth and Sports	3,709	3,708	3,760	4,190	4,424	5,147	5,063
Defence	1,524	1,525	1,525	1,524	1,525	283	283
Education	52,844	45,745	46,666	47,737	51,512	57,808	58,212
Environment and Water Resources	3,817	3,350	3,485	3,711	3,696	4,046	4,086
Finance	2,529	2,750	2,906	3,074	3,260	3,100	3,342
Foreign Affairs	1,121	1,138	1,149	1,178	1,234	1,357	1,366
Health	1,097	1,115	1,162	1,175	1,219	1,449	1,465
Home Affairs	20,899	20,510	20,994	20,808	22,875	24,388	25,347
Information, Communications and the Arts	2,530	2,592	2,684	2,869	2,975	3,465	3,655
Law	677	734	733	760	765	871	908
Manpower	1,397	1,606	1,701	1,797	2,037	2,343	2,388
National Development	6,666	6,679	6,673	6,910	7,115	7,504	7,758
Prime Minister's Office	450	475	468	512	525	738	812
Trade and Industry	2,544	2,539	2,607	2,636	2,795	2,871	2,841
Transport	3,534	3,520	3,547	3,753	4,204	4,592	4,664
<b>Total</b>	<b>106,391</b>	<b>98,981</b>	<b>101,082</b>	<b>103,708</b>	<b>111,388</b>	<b>121,528</b>	<b>123,899</b>

<sup>1</sup> Numbers for FY2005 to FY2009 are for actual headcount.

<sup>2</sup> Numbers for FY2010 are for revised establishments.

<sup>3</sup> Numbers for FY2011 are for budgeted establishments.

**Note:**

Establishments reflect the number of officers that ministries *could* hire, but is not reflective of actual headcount, as establishments may not be filled by ministries even though they may be kept in anticipation of a future need. E.g. the revised establishments for FY2009, as reported in Budget Highlights 2010, was 120,079, but the actual headcount for FY2009, reported here, was only 111,388





# **GLOSSARY**

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## 4 Glossary of Terms

### **Central Provident Fund (CPF)**

A fully-funded compulsory defined-contribution scheme in which workers and employers set aside a portion of wages in individualised accounts for retirement.

### **Continuing Education and Training (CET)**

Education and training activities for adults who have left the formal school system. This fulfils the social and economic objectives of keeping our people employed in the changing economy.

### **Countercyclical**

Moving in the opposite direction compared to the overall economic cycle: rising when the economy is weakening, and falling when the economy is strengthening. See also *Procyclical*.

### **Customs Duty**

A tax on goods imported into Singapore. In Singapore, customs duty is principally imposed on stout and porter, beer and ale, medicated samsu and other samsu.

### **Development Expenditure**

Expenses that represent a longer-term investment and results in the formation of a capitalisable asset of the Government. Examples of spending areas are the acquisition of heavy equipment, as well as capitalisable assets, e.g. buildings and roads.

### **Excise Tax**

A tax on goods whether manufactured in Singapore or elsewhere. In Singapore, excise tax is imposed principally on tobacco, petroleum products, motor vehicles and liquor to achieve social and transport policy objectives.

### **Fiscal Impulse**

A measure of the first-order impact of the Government's net injection or withdrawal from the economy arising from its fiscal policy. If the Government extracts more revenue than it spends as compared to a previous year, it is subtracting from the aggregate demand pressures inherent in the economy, fiscal impulse would be deemed as contractionary. Conversely, if the Government extracts less revenue than it spends as compared to a previous year, this would be deemed as an expansionary fiscal impulse.

### **Financial Year (FY)**

Singapore Government's Financial Year 2011 is from 1 April 2011 to 31 March 2012.

### **Goods and Services Tax (GST)**

Goods and Services Tax (GST) is a tax on domestic consumption of almost all goods and services in Singapore. The tax is paid when money is spent on goods or services, including imports. It is a multi-stage tax which is collected at every stage of the production and distribution chain. GST is often used inter-changeably with the Value Added Tax (VAT).

### **Government Endowment Fund**

A fund established with an injection of Government monies as principal on which the income generated will be used to finance specific programmes on an ongoing basis. The five government endowment funds include the Lifelong Learning Endowment Fund, the ElderCare Fund, Medical Endowment Fund, Edusave Endowment Fund and Community Care Endowment Fund.

### **Gross Domestic Product (GDP)**

A measure of the total flow of goods and services produced by the economy over a specified time period, normally a year. It is obtained by valuing outputs of goods and services at market prices. Real GDP refers to GDP figures adjusted for inflation.

**Operating Revenue**

Government receipts credited to the Consolidated Revenue Account and Development Fund Account excluding investment and interest income, capital receipts (lumpy and less regular in timing) and investment adjustments. The main components are Corporate Income Tax, Personal Income Tax and Goods and Services Tax.

**Operating Expenditure**

Expenses incurred to maintain the operations and other regular activities of the Government. Components include expenditure on manpower (EOM) – for wages of public service officers, other operating expenditure (OOE) – for all other forms of expenditure incurred in the running of the Government, and operating grants to statutory boards and aided educational institutions, which support the day-to-day running of these agencies.

**Output Gap**

The difference between the actual level of activity in an economy (as measured by GDP) versus the sustainable amount of activity given the capacity of the economy, i.e. the level of GDP that the economy could potentially achieve without creating unhealthy inflationary pressures). It measures the degree of resource utilisation of the economy. The output gap is typically reported as a percentage of GDP to give a sense of the proportion with which the economy is over or under capacity. Where the output gap is negative (deflationary gap), the economy is not operating at full capacity, and may well be in danger of sliding into a recession if demand is not boosted. Where the output gap is positive (inflationary gap), it indicates that the economy is operating overcapacity, resources are stretched and inflation pressures are strong.

**Past Reserves**

The reserves not accumulated by the Government during its current term of office, with reserves being the excess of assets over liabilities.

**Primary Budget Position**

The Primary Budget Position, defined as Operating Revenue less Total Expenditure, measures the ability of the Government to meet its annual expenditures through its regular collection of revenue (taxes, fees and charges).

**Procyclical**

Moving in the same direction as the overall economic cycle: falling when the economy is weakening, and rising when the economy is strengthening. See also *Countercyclical*.

**Stamp Duty**

A tax imposed on commercial and legal documents relating to unlisted stock and shares and immovable property.

**Workfare Income Supplement (WIS) Scheme**

Targeted at older low-wage workers, it complements the changes to CPF employer and employee contribution rates that came into effect on 1 July 2007. It provides incentives for older low-wage workers to find work and stay in work, while at the same time helping them to save for their longer-term needs.

**Total (Government) Expenditure**

Sum of Operating and Development Expenditure. It excludes Special Transfers unless otherwise mentioned.

**Year of Assessment (YA)**

Year in which tax on the income earned in the preceding year is assessed.