

BUDGET HIGHLIGHTS

Financial Year 2006/2007

**BUILDING ON OUR STRENGTHS,
CREATING OUR BEST HOME**

Cmd. 4 of 2006

Presented to Parliament by Command of
The President of the Republic of Singapore

Ordered by Parliament to lie upon the Table:

17th February 2006

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BUDGET HIGHLIGHTS

- **FISCAL PERFORMANCE IN FY2005**
- **ANALYSIS OF BUDGET 2006**

FISCAL PERFORMANCE IN FY2005

1.1 *Economic Performance in 2005*

The Singapore economy performed well in 2005. Real Gross Domestic Product (GDP) expanded by 6.4%, higher than the 3-5% growth projected when the Budget for Financial Year (FY) 2005 was set out in February 2005. Global economic activity remained resilient despite the headwinds of high oil prices. Activity in the manufacturing sector was particularly strong, reflecting an unexpected boost to pharmaceutical output, while growth in electronics output was sustained on the back of a cyclical improvement in the global semiconductor industry. Trade-related services industries also recorded impressive gains, buoyed by strong intra-regional trade.

The labour market continued to improve, with 110,800 new jobs created. The unemployment rate was down to 2.5% by the end of 2005. Inflationary pressures remained subdued, with Consumer Price Index (CPI) inflation averaging 0.5%.

1.2 *Budget Outturn for Financial Year 2005*

The revised FY2005 budget position is a modest surplus of around \$0.4 billion, slightly higher than the surplus of \$0.2 billion estimated at the start of the FY. Although operating revenues are expected to be \$1.4 billion lower than projected, this is more than offset by lower expenditure (\$0.8 billion) and higher Net Investment Income Contribution (\$0.8 billion). The revised FY2005 revenue and expenditure estimates are summarised in [Table 1.1](#).

1.3 *Operating Revenue*

Despite GDP growth being stronger than forecasted at the start of the FY, operating revenue is expected to be \$1.4 billion or 4.8% lower than projected in Budget 2005. Collections from Motor Vehicle Taxes, Vehicle Quota Premiums, Goods and Services Tax, Customs and Excise Taxes and Personal Income Tax are estimated to be lower than projected, more than offsetting revenue gains in Corporate Income Tax.

Corporate Income Tax

Revenue from Corporate Income Tax (CIT) is expected to be \$7.1 billion, or 16.3% higher than in FY2004 and 6.3% higher compared to estimates at the start of the FY. Stronger economic growth in the final quarter of 2004 and in 2005 boosted corporate profits and CIT collections.

Personal Income Tax

Personal Income Tax (PIT) collections, estimated at \$4.3 billion, will be \$0.3 billion (8.7%) higher than FY2004 collections, but \$0.1 billion (3.2%) lower than estimated at the start of the FY. While the strong wage growth in 2004 did translate to higher PIT collections, the increase was less than budgeted due to a larger amount of reliefs being claimed by taxpayers than originally estimated.

Table 1.1. Fiscal Position in FY2004 and FY2005

	Actual	Estimated ¹	Revised	Revised FY2005 Compared to	
	FY2004	FY2005	FY2005	Actual	Estimated
	\$billion	\$billion	\$billion	% change	% change
OPERATING REVENUE	27.47	28.85	27.48	0.0	(4.8)
Corporate Income Tax	6.11	6.68	7.10	16.3	6.3
Personal Income Tax	3.96	4.44	4.30	8.7	(3.2)
Statutory Boards' Contribution	1.41	1.23	1.25	(11.4)	0.9
Assets Taxes	2.06	1.91	1.86	(9.4)	(2.2)
Customs and Excise Taxes	1.92	2.24	2.02	5.1	(9.7)
Goods and Services Tax	3.47	4.00	3.60	3.8	(10.0)
Motor Vehicle Taxes	1.39	1.52	1.47	5.9	(2.8)
Vehicle Quota Premiums	1.26	1.37	0.51	(59.4)	(62.7)
Betting Taxes	1.53	1.46	1.49	(2.6)	2.0
Other Taxes	1.95	1.89	1.94	(0.4)	2.9
Other Fees and Charges	2.11	1.97	1.79	(15.1)	(9.3)
Others	0.30	0.15	0.13	(55.5)	(7.8)
Less:					
TOTAL EXPENDITURE	28.96	29.68	28.85	(0.4)	(2.8)
Operating Expenditure	20.35	21.68	21.59	6.1	(0.4)
Development Expenditure	8.60	8.00	7.25	(15.7)	(9.3)
PRIMARY SURPLUS/(DEFICIT)²	(1.49)	(0.83)	(1.37)		
Less:					
SPECIAL TRANSFERS	1.66	0.82	0.87	(47.3)	6.1
Economic Restructuring Shares	0.85	-	0.02		
Top-ups to CPF Accounts	0.10	0.40	0.43		
U-Save Scheme	0.01	0.06	0.06		
S&CC and Rental Rebates ³	-	0.06	0.06		
Top-ups to Edusave Accounts	-	0.05	0.05		
Top-up to Medifund	0.20	-	-		
Top-up to Lifelong Learning Fund	0.50	-	-		
Top-up to ComCare Fund	-	0.25	0.25		
Add:					
NET INVESTMENT INCOME CONTRIBUTION	3.04	1.86	2.67	(12.2)	43.7
OVERALL BUDGET SURPLUS/(DEFICIT)	(0.11)	0.21	0.43		

¹ Incorporating measures announced in the FY2005 Budget Statement.² Surplus/(Deficit) before Special Transfers and Net Investment Income Contribution.³ Reclassified from Operating Expenditure wef FY2005; targeted to offset increases in GST burden.

Statutory Boards' Contribution

Statutory boards' contributions in FY2005 are expected to be \$1.2 billion which is 11.4% lower than FY2004 but comparable to the estimates at the start of the FY. Lower receipts in FY2005 is due to a corresponding decrease in the contribution rate, in line with the corporate income tax rate cut from 22% to 20% for Year of Assessment (YA) 2005.

Assets Taxes

The revised FY2005 estimate for assets taxes – comprising property tax and estate duty – is close to the Budget 2005 estimate of \$1.9 billion.

Customs and Excise Taxes

Customs and excise taxes (on petroleum products, tobacco, liquors and motor vehicles) are expected to be \$2.0 billion, an increase of 5.1% from FY2004 but a decrease of 9.7% from Budget 2005 estimates. The decrease was due to a larger than expected reduction in demand for cigarettes and an increase in cigarette smuggling.

Goods and Services Tax

The Goods and Services Tax (GST) collections are estimated at \$3.6 billion, representing an increase of 3.8% over the \$3.5 billion collected in FY2004 and reflecting the underlying increase in private consumption expenditure due to sustained economic growth.

Motor Vehicle Revenues

Motor Vehicle Taxes and receipts from Vehicle Quota Premiums (VQP, i.e. Certificate of Entitlement (COE) premiums) are expected to be lower than Budget 2005 estimates by \$0.05 billion (2.8%) and \$0.9 billion (62.7%) respectively. This was due to even higher registrations in 2005 than was projected at the start of the FY leading to correspondingly higher Preferential Additional Registration Fee (PARF) and COE rebates. The higher PARF rebates lowered net collections from the Additional Registration Fee (ARF) and offset the gains in other motor vehicle taxes such as road tax, while the higher COE rebates, together with the low COE premium levels, led to the sharp decline in VQP collections.

Betting Taxes

At \$1.5 billion, revenue from betting taxes remained fairly constant as compared to FY2004 levels (2.6% lower) and Budget 2005 estimates (2.0% higher).

Other Taxes

Revenue from other taxes (e.g. foreign worker levy, stamp duty, etc.) is expected to be \$1.9 billion, almost identical to FY2004 levels (0.4% lower) and close to Budget 2005 estimates (2.9% higher).

Other Fees and Charges

Receipts from fees and charges, excluding VQP, are estimated to be \$1.8 billion. This is 15.1% lower than receipts in FY2004 and 9.3% lower than estimated at the start of the FY. The bulk of this decrease is due to the transfer of sewerage fees collection to the Public Utilities Board (PUB) along with the transfer of sewerage assets from the Government to PUB.

Other Revenues

Other miscellaneous revenues are estimated at \$0.1 billion, a fall of 55.5% from FY2004 and a fall of 7.8% from the level estimated at the start of FY2005.

1.4 Total Expenditure

Total expenditure in FY2005 is estimated to be \$28.9 billion; this is \$0.8 billion or 2.8% lower than budgeted. At \$21.6 billion, operating expenditure is 6.1% higher than in FY2004 and 0.4% lower than budgeted. Development expenditure is estimated to be \$7.3 billion or 15.7% lower than the FY2004 level of \$8.6 billion. It is also 9.3% lower than budgeted. The lower than budgeted development expenditure reflects cost savings as well as project delays.

Savings on development projects have occurred across-the-board in areas such as Ministry of Environment and Water Resources projects (-\$70m), development grants disbursed by Ministry of Trade and Industry (-\$70m), reduced capital grant required for Singapore Management University (-\$60m) and spending on public housing projects (-\$75m).

Project delays that contributed to the under-expenditure include the construction of the Circle Line and the Kallang Paya-Lebar Expressway (-\$170m), Republic Polytechnic (-\$30m) and IT projects in Ngee Ann Polytechnic (-\$30m).

1.5 Special Transfers

As announced in Budget 2005, the Government transferred \$250 million to form the Community Care (ComCare) Fund capital sum and \$350 million to the Central Provident Fund (CPF) Medisave Accounts of older Singaporeans. Another \$85 million was transferred to the CPF Accounts of older Singaporeans, while \$50 million was credited to individual students' Edusave Accounts. The Government also provided \$65 million to the Utilities-Save (U-Save) Scheme, \$50 million in Service and Conservancy Charges (S&CC) rebates and \$5 million in rental rebates. On account of the high dividend payouts in the past two years, an additional \$20 million will be transferred to the Economic Restructuring Shares (ERS) Trust Fund to meet future dividend payouts and administrative costs.

1.6 Net Investment Income Contribution

Net Investment Income Contribution (NIIC) for FY2005 is expected to be \$2.7 billion, or \$0.8 billion higher than the Budget 2005 estimate. This is primarily due to higher interest and dividend income from the Government's financial reserves.

ANALYSIS OF BUDGET 2006

2.1 Budget for Financial Year 2006

The FY2006 Budget is summarised in Table 2.1.

2.2 Operating Revenue

Assuming real GDP growth of 4-6% in 2006, operating revenue for FY2006 is projected at \$28.9 billion, an increase of \$1.5 billion or 5.4% over revised FY2005 estimates. The main increases in revenue will come from Corporate Income Taxes (\$0.6 billion), Personal Income Taxes (\$0.3 billion) and Motor Vehicle Taxes (\$0.3 billion). FY2006 operating revenue is 14.0% of GDP, comparable to 13.9% in FY2005.

Corporate Income Tax

Corporate Income Tax collections are expected to grow by 8.1% (or \$0.6 billion) to \$7.7 billion in FY2006, reflecting both the continued growth in the economy in 2005, with a growth momentum that is expected to carry into 2006, and the underlying buoyancy of the corporate tax regime in Singapore. Various tax initiatives, costing a total of \$20 million, have also been factored in.

Personal Income Tax

Personal Income Tax collections are expected to grow by 7.0% (or \$0.3 billion) to \$4.6 billion, slower than the 8.7% increase between FY2004 and FY2005 collections. This reflects the reduction in the PIT headline rate from 22% to 21% for YA2006 and the more moderate rate of economic growth in 2005 compared to 2004.

Statutory Boards' Contribution

Statutory boards' contributions in FY2006 are expected to remain at FY2005 levels of about \$1.2 billion.

Assets Taxes

Collections from assets taxes for FY2006 are projected to be \$1.9 billion, comparable to FY2005 levels.

Customs and Excise Taxes

Customs and excise taxes collections are projected to be steady at \$2.0 billion. Motor vehicle registrations are expected to level off in FY2006, thus moderating the increase in excise duty collections from motor vehicles. Excise duty on liquor is expected to remain stable, while excise duty on tobacco is expected to fall slightly given observed trends of decreasing consumption.

HOW COMPETITIVE IS SINGAPORE'S CORPORATE TAX SYSTEM?

The headline corporate income tax (CIT) rate is one of the most commonly used measures of the competitiveness of a country's corporate tax system. With the recent reduction of the headline CIT rate to 20%, Singapore now has one of the lowest headline CIT rates in the world, as shown in [Chart 2.1](#).

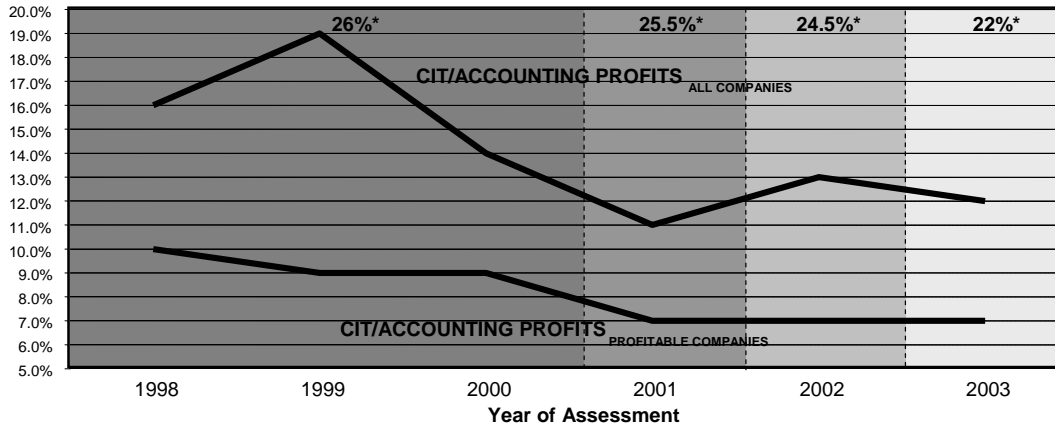
Chart 2.1. Corporate Income Tax Rates (2005)



¹ This is the rate in 2004. (Source: KPMG's Corporate Tax Rates Survey 2004).
² Federal tax rate (not taking into account the State and Local taxes) ranges from 15% to 39% for different income bands. Tax rate for the highest income band is 35%.
³ This includes corporate tax and trade tax on income.
⁴ Effective tax rate in Japan, taking into account Corporation Tax, Enterprise Tax and Inhabitant Tax.

However, the headline CIT rate is at best a crude measure of the corporate tax competitiveness of an economy. From a competitiveness perspective, the more relevant measure is the Effective Tax Rate (ETR), which measures the actual burden that the CIT places on a company. A good proxy for the ETR is the ratio of CIT to accounting profits. [Chart 2.2](#) shows the CIT collection as a percentage of the accounting profits of all companies in Singapore. This is about 11-13% in recent years, well below the headline CIT rate. Since the inclusion in the denominator of all companies (including companies with accounting losses) skews the results somewhat, a more accurate measure of the CIT burden is the CIT collection as a percentage of the accounting profits of *profitable* companies only. This ratio has been about 7% in recent years. However, lack of readily available data precludes a cross-country comparison using this measure of tax competitiveness.

Chart 2.2. Ratio of CIT to Accounting Profits in Singapore

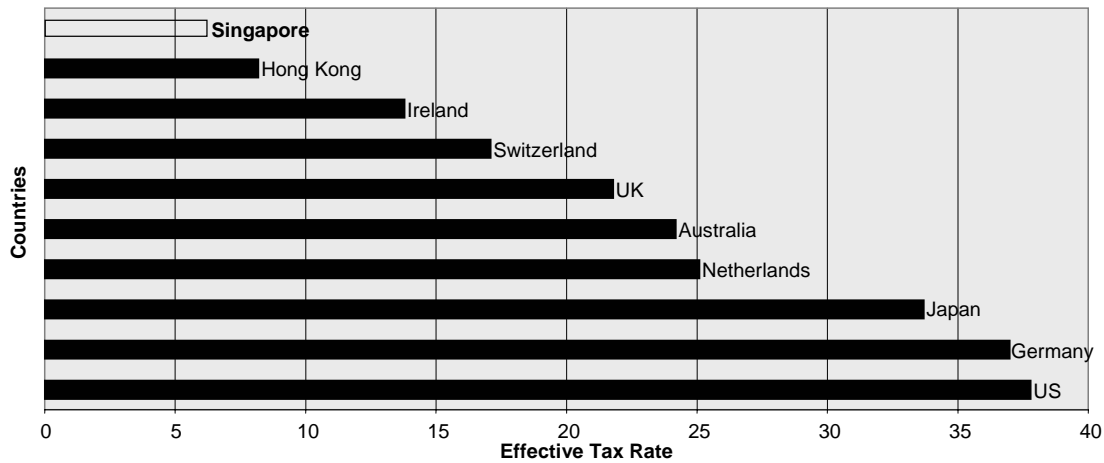


* Prevailing headline CIT rate

An alternative measure of the ETR, for which cross-country data and analysis are available, is the Marginal ETR (METR), defined as the tax payable as a percentage of the pre-tax return on capital⁵. The CD Howe Institute, a Canadian think-tank, has measured the METR of 36 countries. **Chart 2.3** shows that Singapore's METR, at 6.8%, is the lowest among the 36 countries surveyed, including Hong Kong and Ireland whose headline CIT rates are lower than that of Singapore. METRs are a more comprehensive measure of the tax burden faced by companies because it takes into account all the features of a country's corporate tax regime, including rules on deductible expenses, capital allowances, treatment of foreign-sourced income as well as the definition of the tax base.

⁵ For example, if an investment yields a pre-tax rate of return on capital equal to 10% and taxes payable are equivalent to 4% of capital, then the marginal effective tax rate, METR, is 40%.

Chart 2.3. Marginal Effective Tax Rates on Capital for Large and Medium-sized Corporations



Source: Mintz, Jack. M. with Duanjie Chen, Yvan Guillemette and Finn Poschmann. "The 2005 Tax Competitiveness Report: Unleashing the Canadian Tiger." *C.D. Howe Institute Commentary 216* (September 2005).

Other indicators of Singapore's tax competitiveness may be found in more general cross-country surveys and studies. The IMD World Competitiveness Yearbook 2005 ranked Singapore as the third most competitive economy, after US and Hong Kong. Among the key factors Singapore is credited for is the ability to lower the tax pressure while restraining and directing Government spending to the creation of advanced infrastructure supporting economic development. The 2006 Index of Economic Freedom, published by the Heritage Foundation, a US think tank, ranked Singapore the world's freest economy after Hong Kong. Singapore has taken the second spot for twelve consecutive years, due in part to its very competitive CIT regime.

Cross-country studies and international surveys show that Singapore's corporate tax system is highly competitive. Feedback from companies also shows that an attractive CIT regime does not comprise low headline rates alone. In addition to the ETR as shaped by rules on deductions and tax base, other critical components cited by companies include having a comprehensive network of Avoidance of Double Taxation Agreements (DTAs), efficient tax assessments and clear tax rulings. Singapore fares well on these aspects, with 50 DTAs and a newly introduced advanced rulings system. In addition, a set of transfer pricing guidelines which includes information on procedures on application for assistance in the resolution of cross-border transfer pricing issues will be released.

While Singapore is competitive on CIT, other countries have also taken measures to enhance their tax competitiveness and the competition for investments continues to be keen. The Government will continue to monitor closely all aspects of Singapore's CIT regime to ensure that Singapore remains attractive internationally for business and enterprise.

Table 2.1. Budget for FY2006

	Revised FY2005	Estimated FY2006	Change over Revised FY2005	
	\$billion	\$billion	\$billion	%
OPERATING REVENUE	27.48	28.96	1.48	5.4
Corporate Income Tax	7.10	7.68	0.58	8.1
Personal Income Tax	4.30	4.60	0.30	7.0
Statutory Boards' Contribution	1.25	1.18	(0.07)	(5.5)
Assets Taxes	1.86	1.89	0.02	1.1
Customs and Excise Taxes	2.02	2.01	(0.01)	(0.6)
Goods and Services Tax	3.60	3.75	0.15	4.2
Motor Vehicle Taxes	1.47	1.78	0.30	20.4
Vehicle Quota Premiums	0.51	0.62	0.11	21.6
Betting Taxes	1.49	1.50	0.01	0.3
Other Taxes	1.94	2.06	0.11	5.9
Other Fees and Charges	1.79	1.75	(0.04)	(2.5)
Others	0.13	0.16	0.02	15.6
Less:				
TOTAL EXPENDITURE	28.85	30.62	1.77	6.1
Operating Expenditure	21.59	24.48	2.89	13.4
Development Expenditure	7.25	6.14	(1.12)	(15.4)
PRIMARY SURPLUS/(DEFICIT)¹	(1.37)	(1.66)		
Less:				
SPECIAL TRANSFERS	0.87	3.59	2.71	310.2
Growth Dividends	-	1.43		
National Research Foundation	-	0.50		
Top-up to CPF Accounts	0.43	0.50		
Workfare Bonus Scheme Fund	-	0.40		
40th Anniversary NS Bonus	-	0.20		
Utilities-Save Scheme	0.06	0.06		
Opportunity Funds	-	0.05		
S&CC and Rental Rebates ²	0.06	0.05		
Top-up to Community Care Fund	0.25	0.10		
Top-up to Medifund	-	0.10		
Top-up to ElderCare Fund	-	0.10		
Top-up to Lifelong Learning Fund	-	0.10		
Top-up to Edusave Accounts	0.05	-		
Economic Restructuring Shares	0.02	-		
Add:				
NET INVESTMENT INCOME CONTRIBUTION	2.67	2.39	(0.28)	(10.6)
OVERALL BUDGET SURPLUS/(DEFICIT)	0.43	(2.86)		

¹ Surplus/(Deficit) before Special Transfers and Net Investment Income Contribution.² Reclassified from Operating Expenditure wef FY2005; committed in FY2002 to offset increases in GST burden.

Goods and Services Tax

GST collections are expected to increase by 4.2% to \$3.8 billion in FY2006. The continued recovery in consumption expenditure will be partly offset by GST-related tax incentives. These include the zero-rating of GST on tools produced in Singapore but used in the manufacturing of exported goods (\$50 million). Before taking into account the tax losses from these initiatives, GST was expected to grow by 5.6% from revised FY2005 – in line with the strong GDP growth.

Motor Vehicle Revenues

Collections from motor vehicle taxes are expected to increase by \$0.3 billion (20.4%) to \$1.8 billion as de-registrations taper off, thereby reducing the amount of PARF rebates paid out. Collections from VQP are also expected to rise, by \$0.1 billion (21.6%) from FY2005, to \$0.6 billion in FY2006

Betting Taxes

Revenue from betting taxes in FY2006 is expected to remain relatively constant when compared to revised FY2005 levels, at \$1.5 billion.

Other Taxes

FY2006 collections from other taxes are estimated to be \$2.1 billion, \$0.1 billion (5.9%) higher than revised FY2005 levels, with collections expected to grow with the economy.

Other Fees and Charges

Collections from fees and charges, less VQP, are expected to be \$1.8 billion, similar to FY2005 levels.

Other Revenues

Revenue from other sources is expected to be \$0.2 billion, compared to the revised FY2005 estimate of \$0.1 billion.

2.3 Total Expenditure

Total expenditure in FY2006 is estimated to be \$30.6 billion, an increase of \$1.8 billion or 6.1% over FY2005. Development expenditure is expected to decline by \$1.1 billion (15.4%) while operating expenditure will increase by \$2.9 billion (13.4%) compared to FY2005.

The decrease in development expenditure is due to several factors. First, the grant given by the Government to the Housing Development Board (HDB) has been reclassified from a development expenditure to an operating expenditure, as HDB uses this to fund housing grants to individuals. Second, the Selective En-bloc Redevelopment (SERS) Phase 2 programmes will be winding down. Third, requirements for building projects by Institutes of Higher Learning and the Projects for Rebuilding and Improving Existing Schools (PRIME) by the Ministry of Education (MOE) will come down, as MOE shifts emphasis from hardware to software improvements in the education system (e.g. improving pupil-teacher ratio).

Expressed as a percentage of GDP, expenditure in FY2006 will be 14.8%, broadly unchanged from 14.6% of GDP in FY2005.

REINVESTMENT FUND PROJECTS

The changing demands of the economy and society in the context of a tight fiscal environment require that the Government constantly reallocates its limited spending resources to the most promising new areas.

The Reinvestment Fund (RF) was set up in FY2004 as a systematic mechanism to reallocate fiscal resources to meet new priorities across Government. A certain percentage of the budget of each ministry is extracted and pooled into the RF. Ministries are then invited to bid for funding from this RF for new and worthwhile initiatives. Priority for RF funding is given to innovative programmes that create new opportunities or capabilities, and cross-agency programmes that result in a more coordinated and effective way of delivering public services.

A total of 84 new initiatives will be funded from the FY2006 RF. These include:

(a) Global Branding of the Singapore Economy (\$43m over 5 years). This is a multi-agency effort to rebrand the Singapore economy, including the development and branding of our education system to be the premier education hub in Asia and the promotion of Singapore's medical expertise.

(b) Boosting Competitiveness in Services (\$63m over 3 years). This is a package of initiatives to transform service levels across selected industries in Singapore, including retail, food and beverage and tourism sectors.

(c) Library 2010 Plan (\$118m over 6 years). This is a five-year national drive to prepare Singaporeans for the challenges and opportunities of the knowledge economy and will entail the development of a trusted reference centre for knowledge and information services of the region. Through the Digital Library, there will be an increasing collection of e-books, e-magazines, e-journals and databases available for users, including working adults pursuing lifelong learning and researchers who need access to specialist materials.

(d) Active, Beautiful, Clean (ABC) Water Programme (\$23m over 3 years). This is an initiative by the Ministry of Environment and Water Resources to remake our waterways, reservoirs and parks into pleasing, vibrant and exciting lifestyle attractions.

(e) Town Councils Mobile Closed-Circuit TV Systems (CCTV) (\$4.5m over 1 year). This is a joint collaboration between the Ministry of Home Affairs and the town councils to equip the latter with Mobile CCTV systems, which can be deployed at common public areas in HDB estates as a deterrent against crime.

CENTRE FOR SHARED SERVICES

The Ministry of Finance will set up a new department – Centre for Shared Services (CSS) – on 1 April 2006. CSS will bring together selected human resource (HR) and finance processing activities of Government agencies. Such functions include paying salaries and benefits, processing staff claims, making payments to suppliers and so on. In the first phase of operations, beginning in May 2006, CSS will provide HR and finance services to 17 agencies. The CSS will start providing services to the other Government agencies in 2007.

CSS aims to create synergies in Government. By pooling together common functions, CSS will bring costs down and achieve greater efficiency through economies of scale, standardisation and streamlining of procedures. CSS will eventually help the public sector reduce 15% of its annual operating expenditure on HR and finance functions, amounting to approximately \$3 million to \$4 million savings annually. CSS also presents an opportunity for HR and finance staff to upgrade and apply their skills on a broader scale, with an enhanced customer-oriented culture when providing value-added services to Government agencies.

2.4 Key Changes in Taxes

Budget 2006 introduces various incentives to further the development of the financial services, logistics, marine and creative industries. These tax changes are expected to cost the Government about \$0.1 billion annually.

Table 2.2 Key Changes in Taxes

Tax Change	Estimated Revenue Gain/(Loss) per annum \$million
Zero-rate GST on supply of tools used for manufacturing goods for export	(50)
Allow insurers GST claims on: <ul style="list-style-type: none"> ▪ Cash indemnities paid to non-GST registered policyholders under contracts that are subject to GST ▪ Expenses incurred on their policyholders' passenger cars 	(45) ¹
Enhance Qualifying Debt Securities (QDS) incentive scheme	(9)
Exempt tax on specified income of captive insurance companies	(7)
Enhance tax environment for trust business	(4)

¹ From FY2007 onwards.

2.5 Special Transfers

The Finance Minister also announced various Special Transfers worth a total of \$3.5 billion.

This included the \$2.6 billion Progress Package comprising the Growth Dividends, Workfare Bonus, 40th Anniversary National Service (NS) Bonus, top-ups to CPF Special/Retirement and Medisave Accounts, Opportunity Funds, and Utilities-Save Rebates. Only Singapore citizens are eligible for the Progress Package. They must also sign up to qualify for the Progress Package, which will be paid from 1 May 2006.

A total of \$0.4 billion will also be paid into the Lifelong Learning Fund, Community Care Fund, Medifund and Eldercare Fund, with each fund receiving \$0.1 billion. Another \$0.5

billion is to be transferred to fund projects under the National Research Foundation (NRF) with its role of boosting research and development activity in Singapore.

ENDOWMENT FUNDS AND THEIR USES

The Government has set up several endowment funds to finance specific programmes that cater to the various needs of Singaporeans. The endowment funds are built up over time with new injections when the fiscal position allows. The income from these endowment funds is used to fund ongoing programmes. The key endowment funds are as follows.

Lifelong Learning Fund facilitates employment and enhances the employability of Singaporeans through various schemes. These schemes help the unemployed in job placement, training and re-skilling, adjusting to new jobs, picking up job-specific skills, and increasing their productivity. A Workforce Skills Qualifications (WSQ) system is also being formulated to map out training and certification pathways in various industries for workers to effectively upgrade their skills and capabilities. The Lifelong Learning Fund currently stands at \$2.1 billion*.

Eldercare Fund provides means-tested subsidies to needy patients of step-down care for the purpose of defraying, in whole or in part, the recurrent costs. The fund can be used for operating and rental subventions for step-down care organisations (e.g. community hospitals, chronic sick hospitals, nursing homes, hospices etc.). The Eldercare Fund is currently \$1.1 billion*.

Medifund is an endowment fund to help poor or indigent Singaporeans who, despite Government subsidies, Medisave and Medishield, are unable to pay for their medical expenses at hospitals or Voluntary Welfare Organisations (VWOs) either by themselves or with the help of their family members. Medifund helps needy patients in Class B2 and C wards with their hospital bills and assistance for medical expenses at VWO step-down care organisations. The Medifund has grown to \$1.2 billion*.

Edusave Fund was set up to maximise educational opportunities for young Singaporeans. The mission of the Fund is to enhance the quality of education in Singapore and motivate students to excel. Edusave helps students pay for approved school fees and school-based enrichment programme charges, enables schools to procure resources and equipment and introduce programmes that will enhance the quality of teaching and learning and finances awards such as Edusave Scholarships and Edusave Merit Bursary Awards for deserving students. The Edusave Fund reached its target size of \$5.0 billion in 1997.

ComCare Fund was set up to address the socio-economic needs of needy Singaporeans and their families. The schemes under the ComCare Fund can be broadly categorised under ComCare Self-Reliance, ComCare EnAble and ComCare Grow. ComCare Self-Reliance helps the needy with their basic living needs. ComCare EnAble helps the needy who require long term assistance (such as the elderly and the disabled) integrate into the community. ComCare Grow focuses on the developmental needs of children from needy families to help them break out of the poverty cycle particularly through education assistance. The ComCare Fund stands at \$0.6 billion*.

* Figures include FY2006 top-ups.

In summary, the Special Transfers to be paid out in FY2006 can be broadly categorised by their intentions:

- *To share the fruits of economic growth with all Singaporeans*
 - \$1.4 billion of Growth Dividends for all Singaporeans tiered in favour of lower-income Singaporeans and those living in properties with a lower Annual Value
- *To recognise the contributions of National Servicemen*
 - \$0.2 billion of 40th Anniversary NS Bonus for all who have served or are serving NS
- *To reward low-wage workers for working*
 - \$0.4 billion to set up the Workfare Bonus Scheme Fund to reward low-wage workers for working
 - \$0.1 billion top-up to the Lifelong Learning Fund
- *To help lower-income households*
 - \$0.05 billion of Service and Conservancy Charges and Rental rebates¹
 - \$0.06 billion of Utilities-Save rebates
 - \$0.1 billion top-up to Community Care Fund
- *To help the elderly meet retirement and healthcare needs*
 - \$0.5 billion in top-ups to older Singaporeans' CPF Accounts
 - \$0.1 billion top-up to Medifund
 - \$0.1 billion top-up to Eldercare Fund
- *To invest in the next generation*
 - \$0.05 billion to set up Opportunity Funds so that students from lower-income households can benefit from education and enrichment opportunities
- *To invest in research and development in Singapore*
 - \$0.5 billion to start off the National Research Foundation (NRF)

2.6 Budget Position

With Net Investment Income Contribution of \$2.4 billion, the estimated outturn for FY2006 before the Special Transfers and tax initiatives announced in Budget 2006 is a budget surplus of \$0.7 billion (0.4% of GDP). After factoring in the Special Transfers of \$3.5 billion and tax initiatives with a revenue loss of \$0.1 billion announced in Budget 2006, the estimated outturn for FY2006 is a budget deficit of \$2.9 billion (1.4% of GDP).

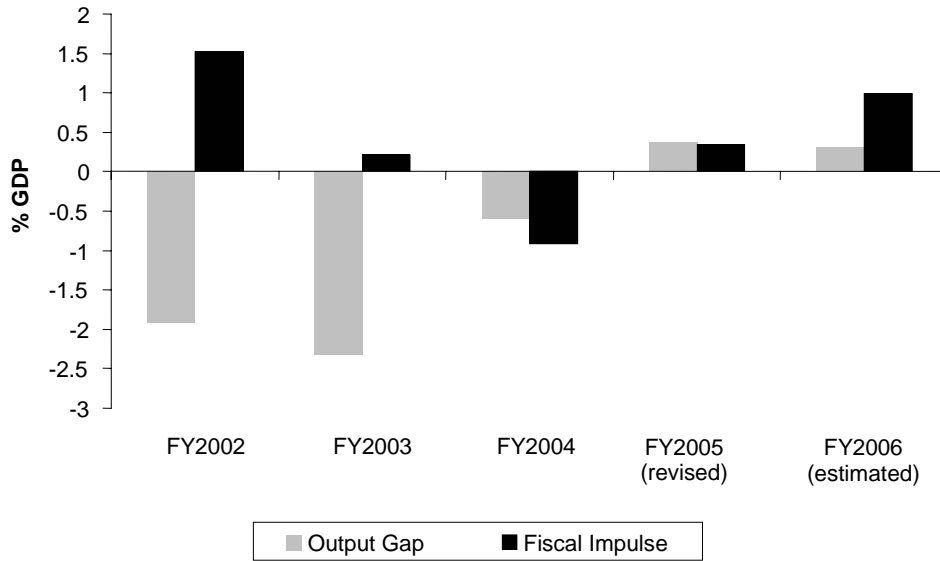
¹ These were announced earlier to offset increases in GST tax burden.

MACROECONOMIC EFFECTS OF RECENT FISCAL POLICY

The macroeconomic impact of the Budget may be assessed through the *fiscal impulse* (FI) measure, which estimates the initial stimulus to aggregate demand arising from fiscal policy. It focuses on the *change* in fiscal stance from year to year. A positive FI indicates a more expansionary fiscal stance compared to the previous year, while a negative FI indicates a less expansionary (or more contractionary) stance than the year before.

Although the overall budget surplus for FY2005 is expected to be larger than projected at the start of the FY, the FI for FY2005 is likely to be positive instead of the small negative impulse expected earlier. This is because of lower than expected revenues and higher expenditure on land-related expenses and expenditure on investments compared to FY2004 levels.

Chart 2.4. Fiscal Policy will Provide Strong Injection into the Economy in 2006



In FY2006, the FI is expected to be positive and larger than in FY2005, mainly attributable to the Special Transfers to households and individuals. While this will provide stimulus to the economy, it is unlikely to lead to overheating given the benign inflation environment.

FEATURE ARTICLES

- **ARE OPERATING REVENUES GROWING WITH GDP?**
 - **BEST SOURCING**
- **HOW HOUSEHOLDS HAVE BENEFITED FROM BUDGET MEASURES IN RECENT YEARS**

ARE OPERATING REVENUES GROWING WITH GDP?

3.1 Trends in Operating Revenue

A key element of Singapore's economic strategy is to maintain a competitive tax regime. This strategy was reaffirmed by the Economic Review Committee in 2001 as a key measure to address the challenges of increasing global competition for investments and talent. The Government has deliberately adjusted the tax regime in the past 5 years to make Singapore more competitive and conducive for businesses and more attractive to global talent.

Chart 3.1 shows that the Corporate Income Tax (CIT) rate has come down from 40% in YA1986 to 30% in YA1993 and 20% in YA2005, while the top marginal rate of Personal Income Tax (PIT) has come down from 55% in YA1981 to 30% in YA1994 and will fall to 20% in YA2007.

Chart 3.1. Reduction in Headline Income Tax Rates

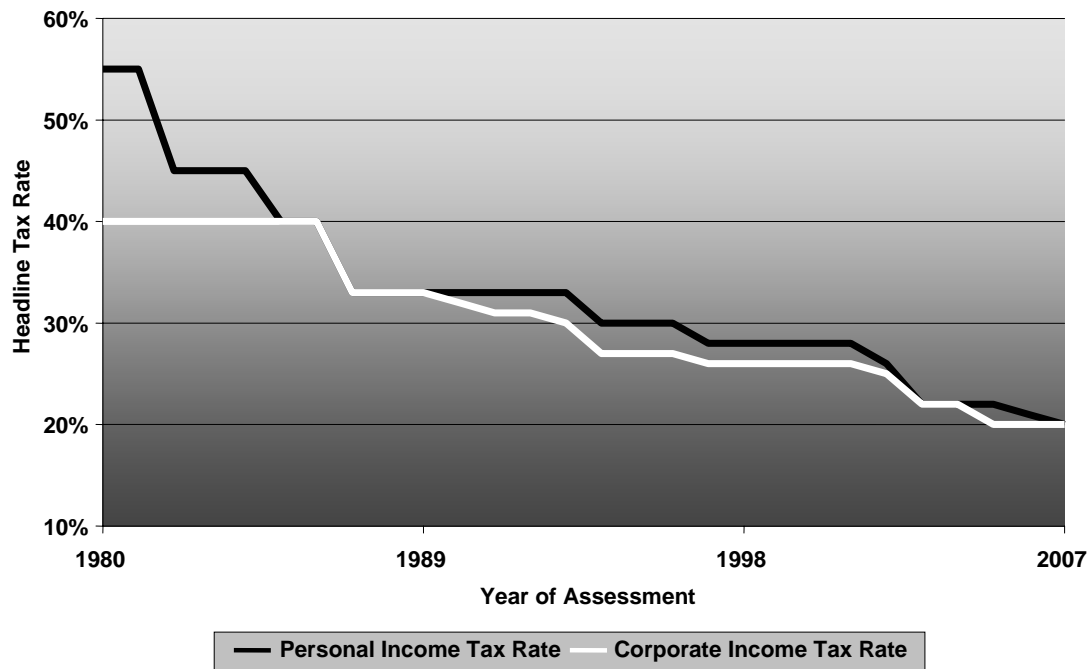
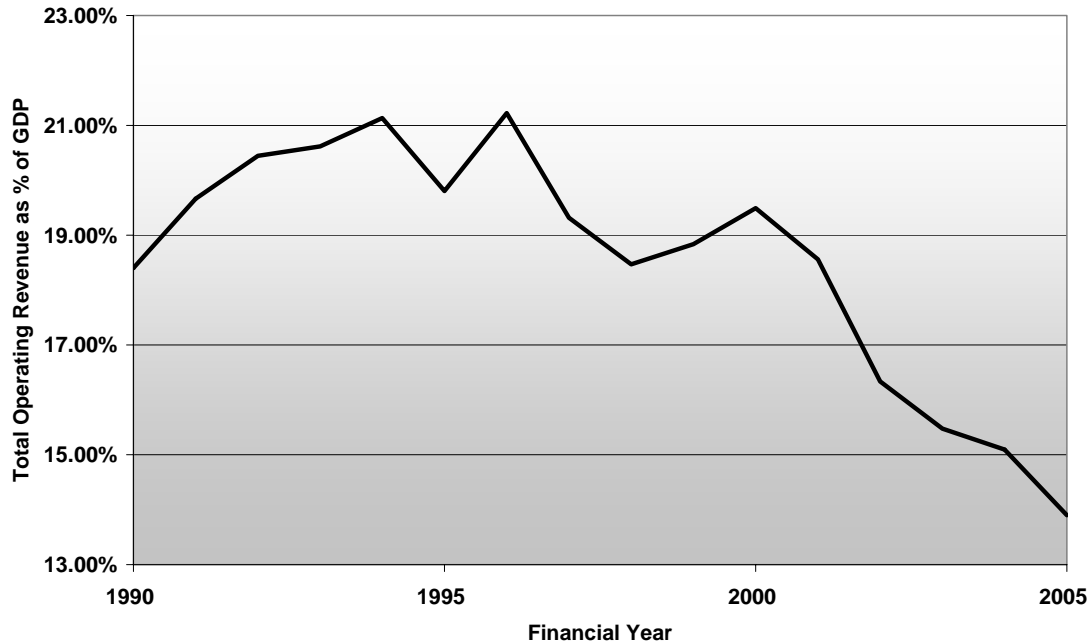


Chart 3.2 shows that total operating revenue as a percentage of Gross Domestic Product (GDP) have come down in recent years, from 19% in FY2000 to 14% in FY2005. The decline in operating revenues as a percentage of GDP reflects primarily the various income tax changes (comprising reductions in income tax rates, increases in reliefs and deductions, and increases in tax incentives to promote economic activity).

Chart 3.2. Decline in Total Operating Revenue as Percentage of GDP



3.2 Importance of Revenue Sustainability

The Primary Budget position, defined as Operating Revenue less Total Expenditure, measures the ability of the Government to meet its annual expenditures through taxes, fees and charges. While the Primary Budget has been positive from the late 1980s to the early 2000s, it has been in deficit for the past four years. While the deficits in some of the years have been exacerbated by cyclical weakness in economic conditions and shocks such as 9/11 and SARS, the lowering of income tax rates has further eroded the Primary Budget position.

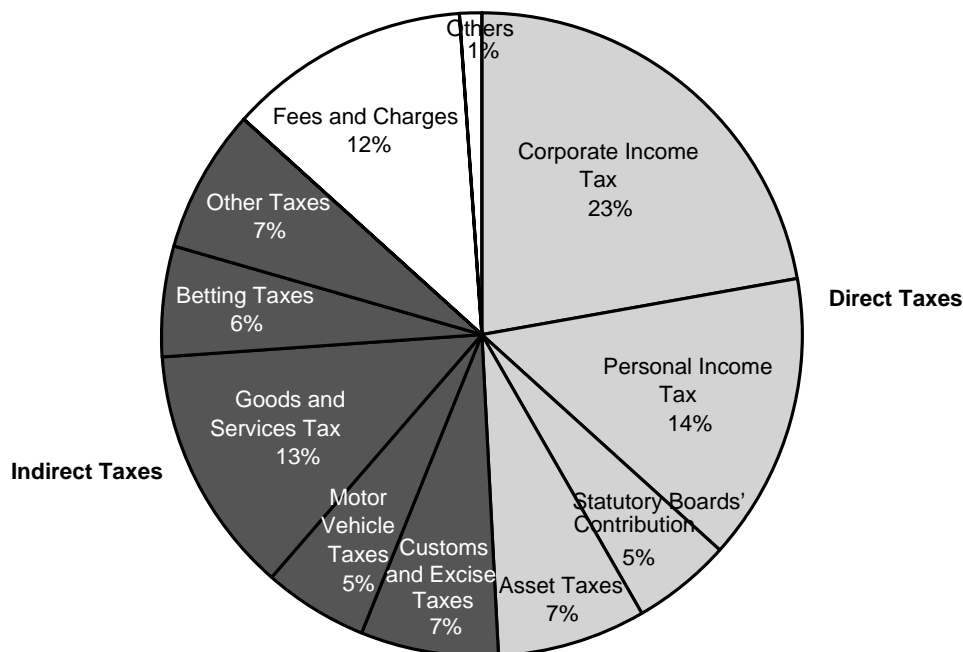
Despite the Primary Budget deficit, the Government has been able to avoid persistent deficits in the Overall Budget position, by supplementing operating revenue with Net Investment Income Contribution (NIIC) from reserves accumulated in the past. Under the Constitution, the Government is allowed to use up to 50% of NII for current spending needs.

Fiscal sustainability over the medium term depends very much on operating revenues being sustained as a percentage of GDP.

3.3 Composition of Operating Revenues

The sustainability of total operating revenue as a percentage of GDP depends on the composition of the revenues and the sustainability of individual revenue items. [Chart 3.3](#) shows the composition of the operating revenues in FY2004.

Chart 3.3. Composition of Operating Revenues (FY2004)



Direct taxes make up practically half the total operating revenue, with CIT (23%) and PIT (14%) being its most significant components. Indirect taxes make up almost 40% of operating revenue, with GST (13%) as the largest component. Fees and Charges make up 12%. Medium-term revenue sustainability depends critically on the three largest taxes, CIT, PIT and GST. Together, they make up 50% of total operating revenues.

3.4 Buoyancy of Operating Revenues

The sustainability of individual revenue items as a percentage of GDP depends on their *elasticity* with respect to GDP. The elasticity of a revenue source measures the percentage change in that revenue source in response to a 1% change in GDP, assuming unchanged tax rates and structure. Given the difficulties inherent in isolating the effects of changes in tax rates and structure, a more practical rough and ready measure is *buoyancy*, which measures the change in revenue for a given change in GDP and incorporates changes in tax rates and structure. A buoyancy of 1 means that revenue grows by 1% for every 1% growth in GDP.

[Table 3.1](#) shows the historical buoyancy estimates for different revenue sources. It shows that the three main revenue sources, namely CIT, PIT and GST, have a buoyancy of 1 or greater, suggesting that they will grow in line with GDP going forward. The buoyancy of these major revenue sources underpins our medium-term fiscal sustainability. Although CIT and PIT have declined in recent years as a percentage of GDP, this reflects the cuts in headline rates. Taken over a longer period of time, both CIT and PIT have grown broadly in

line with GDP. It is also intuitive that PIT has a higher estimated buoyancy than CIT (1.2 compared to 1.0), reflecting the progressive nature of PIT as opposed to CIT which is a flat tax. Although the estimated buoyancy for GST over the period FY1985 to FY2004 is 1.5, the underlying buoyancy is probably closer to 1 given that the higher buoyancy estimate in the more recent years largely reflects the recent increase in GST rate from 3% to 5%.

Among the indirect taxes, Motor Vehicle Taxes and Customs and Excise Taxes (on tobacco, liquor and petroleum products) appear to be the least buoyant. The share of Motor Vehicle Taxes in total operating revenue has fallen from 9% in FY1993 to 5% in FY2004. Customs and Excise Taxes have shrunk slightly, from 8% in FY1993 to 7% in FY2004.

Table 3.1. Buoyancy Estimates for Major Revenue Sources

	Buoyancy (FY1985 to FY2000)	Buoyancy (FY1985 to FY2004)
Corporate Income Tax	1.1	1.0
Personal Income Tax	1.2	1.2
Goods and Services Tax	0.9	1.5 ¹
Customs and Excise Taxes	0.4	0.4
Motor Vehicle Taxes	0.8	0.6

¹ High buoyancy for GST occurs due to the recent increases in GST rates from 3% to 5%.

Going forward, it is expected that CIT, PIT and GST will be stable sources of revenue that will increase or at least keep pace as a percentage of GDP over time, thus making up for the decline in the other revenue sources which are less buoyant. However, some fiscal pressures will remain in the short run. The revenue loss from the PIT rate cuts announced at Budget 2005 will be felt in FY2006 and FY2007. Some revenue sources, such as Motor Vehicle Taxes and Certificate of Entitlement (COE) premiums, will be influenced by a variety of factors beyond the basic drivers of GDP growth; as a percentage of GDP, these revenues will fluctuate over a wide range. The Ministry of Finance will continue to closely monitor the various sources of revenue to ensure fiscal sustainability in the medium term.

BEST SOURCING

4.1 *Why Best Sourcing?*

The public sector in Singapore has adopted Best Sourcing as one of the key tools under the Economy Drive movement, which challenges every public agency to get more value for money. Best Sourcing is about choosing the provider who can best do a job, namely to do it most efficiently and economically. It could be the public agency currently doing the job, another public agency or a provider from the private or people sector. Thus, the public sector will increasingly move away from being a provider of services to being a purchaser of services when alternative providers can deliver these services more efficiently and effectively.

Best Sourcing does not just lead to cost savings. As public agencies shed their non-strategic functions, they can focus more on delivering their strategic functions which are central to their core missions. This improved focus and agility will enable public agencies to better meet the challenges posed by the fast-changing environment they operate in.

Best Sourcing challenges public agencies to review the way they deliver their services by market-testing their non-strategic functions. During market-testing, a public sector agency compares the cost of doing a job in-house against the bids from alternative providers to do the same job. If another provider can do the job more efficiently and effectively, it will be engaged to do so. If not, the public sector agency will continue to do the job itself.

4.2 *Progress in Best Sourcing*

Since Best Sourcing began in February 2003, about 12% of the non-strategic functions, or 218 functions, have been market tested as at January 2006. Non-strategic functions constitute about 15% of all functions in the public sector. Of the 218 functions that were market-tested, 128 or 59% were subsequently outsourced, resulting in \$180 million worth of contracts for the private sector. The annual savings in operational costs from outsourcing these functions was approximately \$25 million or 25% of the in-house costs.

Non-strategic functions which were market-tested are mainly operational or administrative in nature: e.g. car park enforcement, facilities management, IT, security, audit, document management, call centres and library services. The Housing Development Board (HDB) and Urban Redevelopment Authority (URA) outsourced their car parks enforcement function to private service providers in August 2005. HDB had already outsourced its parking enforcement function for 30% of its car parks in 2003. As the earlier exercise showed that the private sector could carry out the parking enforcement function more efficiently and effectively, HDB market-tested and subsequently outsourced the remaining 70% of its car parks enforcement function to two private sector providers in August 2005 under a three-year contract. URA also market-tested and subsequently outsourced all its car parks enforcement function to another private service provider in August 2005 under a three-year contract. HDB expects annual savings of 20% or \$3.2 million per year while URA expects savings of 20% or \$0.7 million per year.

4.3 *Public Private Partnerships – a Form of Best Sourcing*

The Public Private Partnership (PPP) is a specialised form of Best Sourcing. It is used when the delivery of the service concerned requires the development of new physical assets. PPPs also involve longer-term partnering relationships between the public and private sectors to deliver the service. PPP is a new approach that the Singapore Government is adopting to increase private sector involvement in the delivery of public services.

In traditional procurement, public agencies engage the private sector to construct facilities or supply equipment. Public agencies will then own and operate the facilities or equipment to deliver services. For example, a public agency might engage private companies to design and build an incineration plant. Upon completion, the public agency will own and operate the incineration plant to provide incineration services for waste disposal purposes.

With PPP, the public sector will focus on acquiring services on the most cost-effective basis, rather than directly owning and operating assets. For example, if PPP is used to develop an incineration plant, the private sector will be engaged to not only design and construct the plant, but also to operate, maintain and raise the financing to build the plant to incinerate the waste. Hence, instead of owning and operating the incineration plant, the public agency purchases the incineration services directly from the private sector. Under PPPs, the private sector player therefore has more room to introduce innovation in the financing, delivery and upgrading of incineration services.

Under PPP, the private sector can look forward to providing a wider range of services and over a longer contract period (usually between 15 to 30 years). Through closer collaboration with the private sector, services can be delivered more effectively by making better use of the public and private sectors' expertise, resources and innovation to meet public needs.

PPP is not privatisation. Under PPP, the Government remains the procurer of the service on behalf of the public. The procuring Government agency protects public interests by ensuring that:

- The services are delivered to obtain the best value for money;
- There is minimal disruption to service delivery;
- Public health and safety are not compromised; and
- Confidentiality of personal information is observed.

In FY2002 and FY2004, PUB awarded two PPP tenders to design, build, own and operate, on a PPP basis, a water desalination plant and a NEWater plant. These first two PPP projects under PUB helped to lower the overall cost of supplying water. In particular, the PPP tender for the NEWater deal was highly competitive and resulted in a lower than expected first year tariff of 30 cents per cubic metre.

In FY2005, two new PPP contracts have been awarded. First, National Environment Agency (NEA) awarded its first PPP contract to Design, Build, Own and Operate (DBOO) a new incineration plant next to the Tuas South Incineration Plant. The new incineration plant will replace the plant at Ulu Pandan, which is to be shut down by 2009. NEA expects the new plant to be ready by 2008/9 and to have the capacity to incinerate 800 tonnes of refuse per day. PPP has also been used for TradeXchange™, the first IT PPP project in Singapore. To be fully launched by the end of 2007, TradeXchange™ will be a neutral and trusted IT Platform that enables exchange of information between shippers, freight forwarders, carriers and Government agencies. This will facilitate the flow of goods within, through and out of Singapore, thus enhancing Singapore's status as a logistics and shipping hub.

Going forward, PPPs may be used for the development of the Sports Hub which will replace the National Stadium and the development of a new regional campus (West) by the Institute of Technical Education.

HOW HOUSEHOLDS HAVE BENEFITED FROM BUDGET MEASURES IN RECENT YEARS

A key strategy of Government to enable Singaporeans to progress and enjoy a good standard of living has been to provide heavy subsidies for education, healthcare and public housing.

In recent years, the Government has expanded its assistance measures in a more targeted manner to help lower-income Singaporeans cope with economic restructuring and poor economic conditions, and to meet their longer-term retirement and healthcare needs. These Special Transfers include the New Singapore Shares (FY2001), Economic Restructuring Shares (FY2002 to FY2004) and Growth Dividends (FY2006) for all adult Singaporeans, CPF top-ups tiered in favour of the elderly (FY2004 to FY2006), the 40th Anniversary NS Bonus (FY2006) for all full-time National Servicemen (NSFs) and NSmen, the Workfare Bonus (FY2006) to help low-wage workers, and Utilities-Save (U-Save), Service and Conservancy Charges (S&CC) and Rental Rebates, tiered in favour of lower-income households (FY2001 to FY2006). Also, reductions in personal income taxes, and increases in tax reliefs and exemptions have benefited tax-paying individuals and households. Since FY2001, these measures have totaled \$10.5 billion, in addition to a tax loss of about \$5.1 billion.

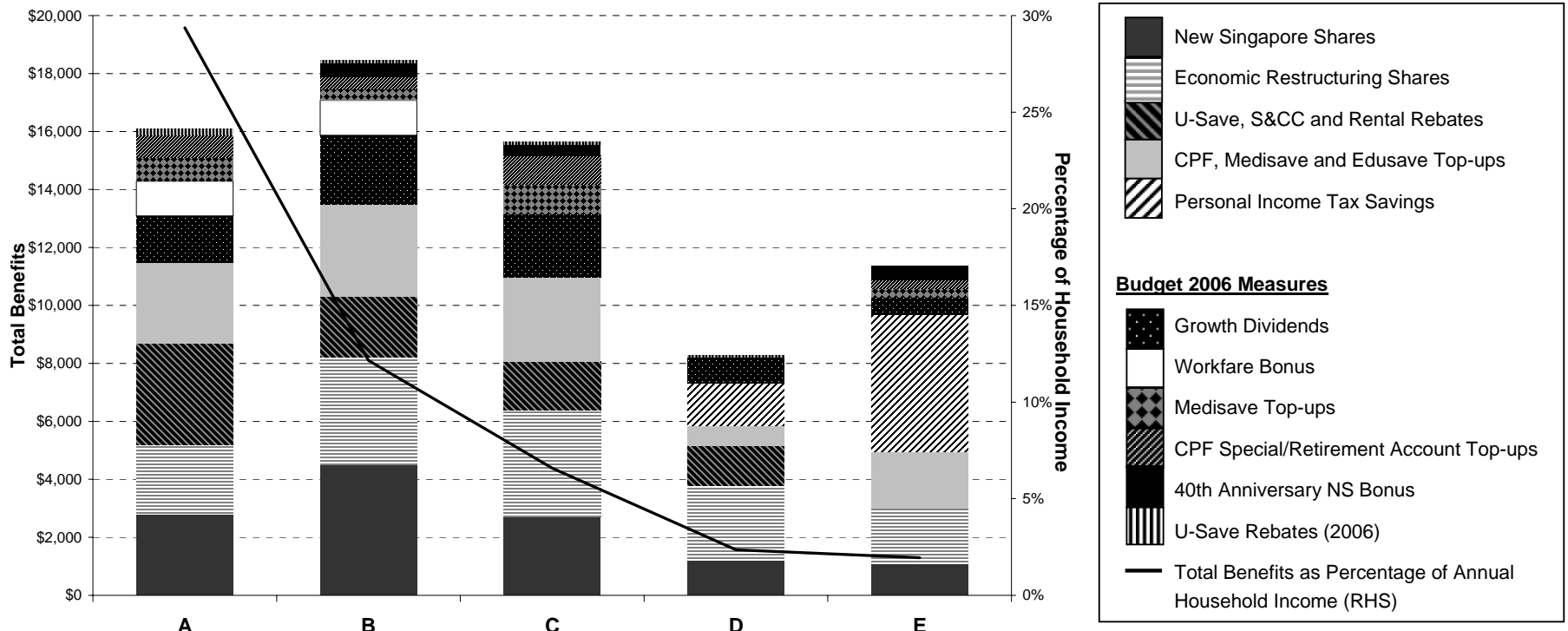
Table 5.1. Cost of Special Transfers to Individuals and Households for FY2001 to FY2006

Special Transfers	Cost to Government \$billion
New Singapore Shares	2.50
Economic Restructuring Shares	2.70
S&CC and Rental Rebates	0.50
U-Save Rebates	0.60
CPF Top-ups	1.09
Medisave Top-ups	0.45
Edusave Top-ups	0.05
Budget 2006 Measures (Estimates)	
Growth Dividends	1.43
Workfare Bonus	0.40
CPF Special/Retirement Account Top-ups	0.25
Medisave Top-ups	0.25
40th Anniversary NS Bonus	0.20
U-Save Rebates	0.06
Total Cost of Special Transfers	10.45
<i>Estimated</i> tax loss from personal income tax changes (FY2001 to FY2006)	5.05
TOTAL	15.51

*Figures may not add up due to rounding.

Chart 5.1 illustrates what five typical Singaporean households would have received from FY2001 to FY2006 by way of fiscal measures. Lower-income households (Households A, B and C) benefited more from measures such as U-Save and S&CC rebates, receiving more than \$15,000 in transfers. Higher-income households (Households D and E) received less in transfers but enjoyed savings in personal income tax payable. Household D received only about half of what the others did as it comprised two young adults who did not benefit from the measures targeted at helping the elderly and students. On a per-adult basis, the lowest income household (Household A) benefited the most, receiving around \$8,000 per adult, while the other four households received amounts ranging from \$3,800 to \$6,200. Household A also received the most benefits as a percentage of its household income whilst Household E received the least.

Chart 5.1. Summary of Benefits to Five Typical Households for FY2001 to FY2006



HOUSEHOLD A	HOUSEHOLD B	HOUSEHOLD C	HOUSEHOLD D	HOUSEHOLD E
<p>Mr and Mrs Tan are in their 60s and live in a 2-room HDB flat. Mr Tan earns \$850 per month and Mrs Tan is a housewife. Mr Tan is old enough not to have served NS.</p>	<p>Mr and Mrs Ang are in their 40s and live in a 3-room HDB flat with Mr Ang's elderly father and 2 children. Mr Ang is an ex-NSman and his oldest son is serving full-time NS. Their second child is in secondary school. Both Mr and Mrs Ang work and earn \$2,300 in total per month.</p>	<p>Mr and Mrs Subramaniam are in their 50s and live in a 4-room HDB flat with 2 children and Mr Subramaniam's elderly mother. Mr Subramaniam is an ex-NSman and earns \$2,700 per month. Mrs Subramaniam is a housewife and both children are in tertiary institutions.</p>	<p>Mr and Mrs Lee are in their 20s and live in a 5-room HDB flat. Mr Lee is an NSman. Both of them are professionals and together, they earn \$5,400 per month.</p>	<p>Mr and Mrs Ibrahim are in their 50s and live in a private condominium with Mr Ibrahim's elderly father and 2 children. Mr Ibrahim is an ex-NSman and his oldest son is currently serving full-time NS. Their second child is in secondary school. Both Mr and Mrs Ibrahim work and they earn \$9,000 in total per month.</p>
<p>\$16,100 in total benefits \$8,000 per adult</p>	<p>\$18,500 in total benefits \$6,200 per adult</p>	<p>\$15,600 in total benefits \$5,200 per adult</p>	<p>\$8,300 in total benefits \$4,100 per adult</p>	<p>\$11,400 in total benefits \$3,800 per adult</p>

STATISTICAL ANNEX

**Table 6.1. Overall Fiscal Position for FY1997 to FY2006
(\$million)**

	FY1997	FY1998	FY1999	FY2000	FY2001	FY2002	FY2003	FY2004	FY2005 (Revised)	FY2006 (Budgeted)
Operating Revenue	29,181	27,911	30,645	31,439	28,496	25,469	25,315	27,469	27,480	28,956
Tax Revenue	23,011	21,551	22,623	25,628	24,172	21,502	21,501	23,799	25,044	26,433
Fees and Charges	4,000	3,152	4,564	5,650	4,134	3,805	3,492	3,366	2,301	2,367
Others ¹	2,170	3,208	3,458	162	190	162	321	305	135	155
Total Expenditure	23,043	26,934	25,079	27,908	27,305	27,152	28,499	28,957	28,846	30,617
Operating Expenditure	14,080	14,652	14,868	18,415	18,536	19,359	19,991	20,355	21,592	24,479
Running Costs	13,026	13,359	13,589	15,047	16,387	17,051	17,295	17,797	19,015	19,933
Transfers	1,053	1,292	1,278	3,368	2,149	2,308	2,696	2,558	2,577	4,546
Development Expenditure²	8,963	12,282	10,211	9,494	8,769	7,793	8,508	8,602	7,254	6,139
Direct Development	5,327	6,986	6,371	5,462	4,503	3,962	4,221	4,349	3,638	2,932
Capital Grant	3,636	5,296	3,840	4,032	4,266	3,831	4,287	4,150	3,612	3,194
Capital Injections	-	-	-	-	-	-	1	103	5	13
Primary Surplus/(Deficit)	6,139	977	5,566	3,531	1,190	(1,683)	(3,184)	(1,487)	(1,367)	(1,662)
Special Transfers:	887	52	682	1,835	5,264	1,802	603	1,661	875	3,588
Economic Restructuring Shares	-	-	-	-	-	1,201	600	854	20	-
New Singapore Shares	-	-	-	-	2,450	-	-	-	-	-
Utilities-Save Scheme	-	-	-	-	-	-	-	8	63	60
S&CC and Rental Rebates ³	-	-	-	-	-	-	-	-	59	48
Top-ups to Endowment Funds ⁴	600	-	300	800	1,800	600	-	700	250	400
Top-ups to CPF Accounts ⁵	287	52	382	913	1,010	0	4	99	432	500
Senior Pensioners Grant Scheme	0	-	-	14	-	-	-	-	0	-
Medishield Scheme for the Elderly	-	-	-	108	-	-	-	-	-	-
Top-ups to Edusave Accounts	-	-	-	-	4	-	-	-	50	-
Growth Dividends	-	-	-	-	-	-	-	-	-	1,430
National Research Foundation	-	-	-	-	-	-	-	-	-	500
Workfare Bonus Scheme Fund	-	-	-	-	-	-	-	-	-	400
40th Anniversary NS Bonus	-	-	-	-	-	-	-	-	-	200
Opportunity Funds	-	-	-	-	-	-	-	-	-	50
Nil Contribution	-	-	-	2,287	1,375	3,675	1,900	3,043	2,671	2,388
Overall Budget Surplus/ (Deficit)	5,252	925	4,885	3,983	(2,698)	191	(1,887)	(105)	430	(2,862)

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

¹ Prior to the Constitutional amendments to protect 50% of NII in FY2000, interest on development loans was classified as 'Others'.

² Development expenditure excludes land-related expenditure from FY2001.

³ Prior to FY2005, Service and Conservancy Charges and Rental rebates were subsumed under Ministry of National Development's operating expenditure.

⁴ Consist of top-ups to Edusave, Medical, Lifelong Learning, Community Care (formerly known as Community Assistance), Eldercare and Skills Development Endowment Funds.

⁵ Consist of top-ups to CPF Ordinary and Medisave Accounts, Pre-Medisave and CPF Share Ownership Top-up Schemes.

**Table 6.2. Revenue Collections for FY1997 to FY2006
(\$million)**

	FY1997	FY1998	FY1999	FY2000	FY2001	FY2002	FY2003	FY2004	FY2005 (Revised)	FY2006 (Budgeted)
Operating Revenue	29,181	27,911	30,645	31,439	28,496	25,469	25,315	27,469	27,480	28,956
Corporate Income Tax	6,809	6,256	6,565	8,316	7,821	6,822	5,921	6,107	7,100	7,678
Personal Income Tax	2,685	3,275	3,507	4,030	4,547	4,049	3,862	3,956	4,300	4,600
Statutory Boards' Contribution	702	1,800	1,676	1,192	862	625	488	1,405	1,246	1,178
Assets Taxes	2,335	1,529	1,314	1,606	1,517	1,308	1,512	2,058	1,864	1,885
Customs and Excise Taxes	1,633	1,566	1,574	1,847	1,803	1,730	1,901	1,924	2,022	2,010
Goods and Services Tax	1,927	1,657	1,995	2,121	2,134	2,165	2,957	3,470	3,600	3,750
Motor Vehicle Taxes	1,743	1,205	1,719	2,506	1,972	1,446	1,486	1,392	1,475	1,775
Vehicle Quota Premiums	1,799	1,271	2,513	3,105	2,089	1,778	1,543	1,257	510	620
Betting Taxes	1,296	1,272	1,373	1,494	1,575	1,550	1,524	1,534	1,494	1,499
Other Taxes ¹	3,882	2,990	2,901	2,516	1,939	1,809	1,851	1,952	1,944	2,059
Other Fees and Charges	2,201	1,881	2,051	2,545	2,045	2,027	1,949	2,109	1,791	1,747
Others ²	2,170	3,208	3,458	162	190	162	321	305	135	155

* Figures may not add up due to rounding.

¹ Consist of Stamp Duty, Foreign Worker Levy, etc.

² Prior to the Constitutional amendments to protect 50% of NII in FY2000, interest on development loans was classified as 'Others'.

**Table 6.3. Operating Expenditure by Sector for FY1997 to FY2006
(\$million)**

	<u>FY1997</u>	<u>FY1998</u>	<u>FY1999</u>	<u>FY2000</u>	<u>FY2001</u>	<u>FY2002</u>	<u>FY2003</u>	<u>FY2004</u>	<u>FY2005 (Revised)</u>	<u>FY2006 (Budgeted)</u>
Total	14,080	14,652	14,868	18,415	18,536	19,359	19,991	20,355	21,592	24,479
Social Development	5,480	5,433	5,410	6,654	7,770	7,945	8,632	8,513	8,849	10,605
Education	3,348	3,167	3,257	4,277	4,767	4,824	4,997	4,975	5,234	6,357
National Development	441	402	358	325	398	409	414	377	338	672
Health	896	992	936	1,072	1,445	1,451	1,904	1,604	1,703	1,810
Environment and Water Resources	318	314	329	390	414	448	453	479	416	441
Community Development, Youth and Sports	290	363	310	377	513	572	619	814	853	974
Information, Communications and the Arts (excluding Info-Comms Technology)	186	194	220	213	234	240	245	264	306	351
Security and External Relations	7,235	7,661	7,901	8,041	8,865	9,468	9,634	10,228	10,989	11,937
Defence	6,097	6,481	6,647	6,561	7,089	7,694	7,714	8,243	8,896	9,691
Home Affairs	994	1,032	1,101	1,300	1,580	1,563	1,708	1,752	1,819	1,989
Foreign Affairs	143	148	153	180	196	211	212	233	275	257
Economic Development	708	893	865	2,908	1,113	1,134	978	871	941	986
Transport	314	442	409	2,390	406	385	292	289	288	293
Trade and Industry	341	315	366	412	553	564	497	392	450	457
Manpower	53	136	91	107	130	156	158	161	173	203
Info-Comms Technology	-	-	-	-	24	29	30	29	30	33
Government Administration	658	664	692	811	788	812	747	743	812	950
Finance	298	310	339	388	352	379	333	318	359	463
Law	89	97	109	120	112	103	96	97	105	112
Organs of State	150	135	136	170	173	186	182	187	194	211
Prime Minister's Office	121	123	108	134	151	143	135	141	154	164

* Figures may not add up due to rounding.

**Table 6.4. Development Expenditure¹ by Sector for FY1997 to FY2006
(\$million)**

	<u>FY1997</u>	<u>FY1998</u>	<u>FY1999</u>	<u>FY2000</u>	<u>FY2001</u>	<u>FY2002</u>	<u>FY2003</u>	<u>FY2004</u>	<u>FY2005 (Revised)</u>	<u>FY2006 (Budgeted)</u>
Total	8,963	12,282	10,211	9,494	8,769	7,793	8,508	8,602	7,254	6,139
Social Development	3,306	5,278	5,141	4,517	4,170	3,971	4,387	3,871	2,999	2,198
Education	1,102	1,686	1,601	1,591	1,473	1,774	1,218	1,239	869	609
National Development	972	2,003	2,172	2,069	1,770	1,089	1,865	1,153	1,018	570
Health	274	251	153	140	145	82	103	114	100	200
Environment and Water Resources	652	1,042	945	528	502	771	952	1,101	781	614
Community Development, Youth and Sports	169	138	132	92	118	112	90	97	97	66
Information, Communications and the Arts (excluding Info-Comms Technology)	137	158	139	97	162	143	160	168	134	138
Security and External Relations	1,325	1,647	1,403	1,585	1,362	1,068	1,020	899	861	868
Defence	418	775	620	861	730	509	524	377	363	355
Home Affairs	900	847	729	654	570	478	439	473	452	427
Foreign Affairs	6	24	53	70	62	81	57	49	46	86
Economic Development	3,565	4,488	2,882	3,147	2,906	2,255	2,615	3,003	2,721	2,784
Transport	1,346	1,737	720	1,130	1,508	1,203	1,115	1,776	1,584	1,540
Trade and Industry	2,175	2,646	2,073	1,820	1,293	1,009	1,421	1,154	1,082	1,174
Manpower	5	12	6	18	82	38	54	52	40	47
Info-Comms Technology	39	94	82	179	23	5	25	20	15	23
Government Administration	767	870	786	245	331	499	486	828	674	289
Finance	240	338	199	57	70	100	214	308	375	109
Law	435	402	310	131	213	325	184	329	218	99
Organs of State	39	98	251	38	30	33	47	151	34	19
Prime Minister's Office	52	32	25	18	18	41	42	40	47	62

* Figures may not add up due to rounding. Expenditure on Research and Development has been reclassified as part of Ministry's expenditure for FY1997 to FY2000.

¹ Development expenditure excludes land-related expenditure from FY2001.

**Table 6.5. Total Expenditure¹ by Sector for FY1997 to FY2006
(\$million)**

	<u>FY1997</u>	<u>FY1998</u>	<u>FY1999</u>	<u>FY2000</u>	<u>FY2001</u>	<u>FY2002</u>	<u>FY2003</u>	<u>FY2004</u>	<u>FY2005 (Revised)</u>	<u>FY2006 (Budgeted)</u>
Total	23,043	26,934	25,079	27,908	27,305	27,152	28,499	28,957	28,846	30,617
Social Development	8,786	10,711	10,551	11,171	11,940	11,916	13,019	12,384	11,848	12,803
Education	4,450	4,853	4,857	5,868	6,240	6,598	6,214	6,214	6,103	6,966
National Development	1,413	2,405	2,529	2,393	2,167	1,498	2,278	1,529	1,356	1,243
Health	1,170	1,243	1,089	1,212	1,591	1,533	2,007	1,718	1,803	2,010
Environment and Water Resources	971	1,356	1,274	918	916	1,219	1,405	1,579	1,197	1,055
Community Development, Youth and Sports	459	501	442	469	631	684	709	912	950	1,040
Information, Communications and the Arts (excluding Info-Comms Technology)	324	352	359	311	396	384	405	432	439	490
Security and External Relations	8,559	9,308	9,303	9,626	10,228	10,536	10,654	11,127	11,850	12,805
Defence	6,515	7,256	7,267	7,422	7,819	8,203	8,238	8,620	9,259	10,046
Home Affairs	1,894	1,880	1,830	1,954	2,150	2,040	2,147	2,225	2,271	2,416
Foreign Affairs	150	172	206	250	258	293	270	282	321	343
Economic Development	4,273	5,382	3,747	6,055	4,020	3,389	3,593	3,874	3,662	3,770
Transport	1,660	2,179	1,129	3,520	1,914	1,588	1,408	2,066	1,872	1,833
Trade and Industry	2,515	2,961	2,439	2,232	1,846	1,573	1,918	1,545	1,532	1,632
Manpower		148	97	124	212	194	212	213	213	250
Info-Comms Technology	58	94	82	179	47	34	56	49	45	56
	39									
Government Administration	1,424	1,534	1,478	1,056	1,118	1,310	1,233	1,571	1,486	1,239
Finance	538	648	538	445	422	479	547	626	734	572
Law	524	499	419	251	325	427	280	426	323	211
Organs of State	189	233	387	208	202	219	229	338	228	230
Prime Minister's Office	173	155	133	152	169	185	177	181	202	226

* Figures may not add up due to rounding. Expenditure on Research and Development has been reclassified as part of Ministry's expenditure for FY1997 to FY2000.

¹ Development expenditure excludes land-related expenditure from FY2001.

**Table 6.6. Total Expenditure by Expenditure Type for FY1997 to FY2006
(\$million)**

	<u>FY1997</u>	<u>FY1998</u>	<u>FY1999</u>	<u>FY2000</u>	<u>FY2001</u>	<u>FY2002</u>	<u>FY2003</u>	<u>FY2004</u>	<u>FY2005 (Revised)</u>	<u>FY2006 (Budgeted)</u>
Total Expenditure	23,043	26,934	25,079	27,908	27,305	27,152	28,499	28,957	28,846	30,617
Operating Expenditure	14,080	14,652	14,868	18,415	18,536	19,359	19,991	20,355	21,592	24,479
Running Costs	13,026	13,359	13,589	15,047	16,387	17,051	17,295	17,797	19,015	19,933
Expenditure on Manpower	3,063	2,896	2,872	3,276	3,351	3,370	3,375	3,535	3,669	3,870
Operating Grant	2,378	2,248	2,247	3,031	3,735	3,858	4,042	4,039	4,211	3,799
Other Operating Expenditure	7,586	8,215	8,469	8,740	9,302	9,824	9,878	10,222	11,136	12,263
Transfers	1,053	1,292	1,278	3,368	2,149	2,308	2,696	2,558	2,577	4,546
Social Transfers	200	228	295	309	394	491	457	485	531	682
Subventions	853	1,064	983	3,058	1,754	1,817	2,240	2,073	2,046	3,864
Development Expenditure ¹	8,963	12,282	10,211	9,494	8,769	7,793	8,508	8,602	7,254	6,139
Direct Development	5,327	6,986	6,371	5,462	4,503	3,962	4,221	4,349	3,638	2,932
Capital Grant	3,636	5,296	3,840	4,032	4,266	3,831	4,287	4,150	3,612	3,194
Capital Injections	-	-	-	-	-	-	1	103	5	13

* Figures may not add up due to rounding.

¹ Development expenditure excludes land-related expenditure from FY2001.

Table 6.7. Headcount by Ministry for FY1997 to FY2006

	<u>FY1997</u>	<u>FY1998</u>	<u>FY1999</u>	<u>FY2000</u>	<u>FY2001</u>	<u>FY2002</u>	<u>FY2003</u>	<u>FY2004</u>	<u>FY2005 (Revised)¹</u>	<u>FY2006 (Budgeted)²</u>
Civil List	44	47	45	45	50	47	51	53	53	53
Attorney-General's Chambers	185	212	209	212	255	276	282	274	307	307
Auditor-General's Office	181	178	167	150	163	157	146	127	135	135
Cabinet Office	12	12	11	11	10	10	10	10	15	15
Judicature	677	699	752	739	707	678	716	571	808	864
Parliament	39	41	47	48	53	55	54	48	57	57
Presidential Councils	6	6	6	5	7	8	8	8	10	10
Public Service Commission	13	8	8	9	8	9	8	9	9	10
Community Development, Youth and Sports	3,356	3,448	3,568	3,968	4,054	4,194	4,009	3,719	3,757	3763
Defence	1,001	805	1,525	1,525	1,526	1,527	1,524	1,525	1,525	1525
Education	41,723	43,731	45,640	48,933	49,370	51,128	51,099	51,462	55,045	55747
Environment and Water Resources	5,478	5,472	5,449	4,958	4,751	4,757	4,500	4,501	3,822	3884
Finance	3,437	3,893	3,944	3,569	3,900	3,614	3,044	2,649	2,621	2915
Foreign Affairs	995	1,048	1,002	1,062	1,081	1,082	1,111	1,074	1,189	1193
Health	5,264	5,052	4,855	1,670	948	939	1,038	1,125	1,160	1190
Home Affairs	16,165	16,847	18,366	18,135	18,928	19,373	20,173	20,965	21,985	22613
Information, Communications and the Arts	1,340	1,393	1,405	1,454	2,002	2,058	2,063	2,547	2,899	2882
Law	677	698	773	820	787	853	741	709	713	701
Manpower	588	776	970	1,020	1,069	1,208	1,277	1,327	1,575	1721
National Development	11,808	11,947	10,985	10,601	10,596	10,259	7,391	7,136	7,483	7494
Prime Minister's Office	573	654	528	558	421	425	421	415	496	483
Trade and Industry	1,777	2,027	2,097	1,970	2,487	2,545	2,503	2,491	2,713	2737
Transport	2,144	2,766	3,230	3,977	3,822	3,756	3,776	3,623	3,779	3705
Total	97,483	101,760	105,582	105,439	106,995	108,958	105,945	106,368	112,156	114,004

¹ Revised establishments

² Estimated establishments

Notes: a. Numbers for FY2004 and earlier are based on actual headcounts, whereas numbers quoted for FY2005 and FY2006 are based on establishments (posts) which may not be filled.
b. These figures are not able to illustrate the decrease in headcount of 2.9% in FY2004 due to Manpower Management Framework (MMF), as a different time basis was used in deriving the MMF figures.

APPENDICES

Appendix 7.1. Total Estimated Receipts for FY2006 by Object Class

Account Code	Revenue Item	Actual FY2004	Estimated FY2005	Revised FY2005	Estimated FY2006	Change over FY2005	
		\$	\$	\$	\$	\$	%
B00	TAX REVENUE	23,798,646,043	25,366,331,000	25,044,498,000	26,433,362,000	1,388,864,000	5.5
B10	INCOME TAX	11,467,992,351	12,351,375,000	12,645,700,000	13,455,629,000	809,929,000	6.4
B11	Corporate and Personal Income Taxes	10,062,615,180	11,117,250,000	11,400,000,000	12,278,000,000	878,000,000	7.7
B12	Statutory Boards' Contribution	1,405,377,171	1,234,125,000	1,245,700,000	1,177,629,000	-68,071,000	-5.5
B20	ASSETS TAXES	2,058,220,344	1,905,000,000	1,864,000,000	1,885,000,000	21,000,000	1.1
B21	PROPERTY TAX	1,701,608,465	1,830,000,000	1,780,000,000	1,810,000,000	30,000,000	1.7
B211	Private properties	1,508,041,557	1,626,659,000	1,566,966,000	1,594,583,000	27,617,000	1.8
B212	Statutory boards	192,972,293	203,101,000	212,434,000	215,377,000	2,943,000	1.4
B219	Other properties	594,615	240,000	600,000	40,000	-560,000	-93.3
B22	ESTATE DUTY	356,611,879	75,000,000	84,000,000	75,000,000	-9,000,000	-10.7
B221	Estate duty	356,611,879	75,000,000	84,000,000	75,000,000	-9,000,000	-10.7
B30	CUSTOMS AND EXCISE TAXES	1,924,133,991	2,239,417,000	2,021,713,000	2,009,586,000	-12,127,000	-0.6
B31	EXCISE DUTIES	1,900,413,777	2,218,671,000	1,995,739,000	1,983,095,000	-12,644,000	-0.6
B311	Petroleum products	379,569,240	447,213,000	385,753,000	392,441,000	6,688,000	1.7
B312	Tobacco	721,041,103	942,845,000	697,568,000	662,690,000	-34,878,000	-5.0
B313	Liquors	327,698,947	371,058,000	365,104,000	365,646,000	542,000	0.1
B314	Motor vehicles	472,095,906	457,549,000	547,302,000	562,306,000	15,004,000	2.7
B318	Other excise duty	8,580	6,000	12,000	12,000	0	0.0
B32	CUSTOMS DUTIES	23,720,214	20,746,000	25,974,000	26,491,000	517,000	2.0
B323	Liquors	21,117,096	17,985,000	23,385,000	23,825,000	440,000	1.9
B329	Other customs duties	2,603,118	2,761,000	2,589,000	2,666,000	77,000	3.0
B40	MOTOR VEHICLE TAXES	1,392,419,570	1,516,894,000	1,474,811,000	1,775,307,000	300,496,000	20.4
B401	Additional registration fees	593,131,658	715,185,000	639,246,000	930,932,000	291,686,000	45.6
B402	Road tax	689,459,121	693,231,000	719,974,000	727,174,000	7,200,000	1.0
B403	Special tax on heavy oil engines	106,034,392	104,892,000	110,741,000	112,322,000	1,581,000	1.4
B404	Non-motor vehicle licences	2,676,585	2,777,000	2,965,000	2,994,000	29,000	1.0
B405	Passenger vehicle seating fees	786	1,000	1,000	1,000	0	0.0
B406	Conversion Premium	1,117,028	808,000	1,884,000	1,884,000	0	0.0
B50	GST	3,469,640,756	4,000,000,000	3,600,000,000	3,750,000,000	150,000,000	4.2
B60	BETTING TAXES	1,534,030,668	1,464,000,000	1,494,000,000	1,499,000,000	5,000,000	0.3
B601	Betting and sweepstake duties	1,269,688,941	1,191,000,000	1,213,000,000	1,201,000,000	-12,000,000	-1.0
B602	Private lottery duties	264,341,727	273,000,000	281,000,000	298,000,000	17,000,000	6.0
B70	STAMP DUTY	815,368,557	798,000,000	830,000,000	870,000,000	40,000,000	4.8
B701	Stamp duty	815,368,557	798,000,000	830,000,000	870,000,000	40,000,000	4.8
B80	SELECTIVE CONSUMPTION TAXES	164,954,276	164,000,000	160,247,000	160,413,000	166,000	0.1
B802	Water conservation tax	164,954,276	164,000,000	160,247,000	160,413,000	166,000	0.1
B90	OTHER TAXES	971,885,531	927,645,000	954,027,000	1,028,427,000	74,400,000	7.8

Appendix 7.1 - continued**Total Estimated Receipts for FY2006 by Object Class**

Account Code	Revenue Item	Actual FY2004	Estimated FY2005	Revised FY2005	Estimated FY2006	Change over FY2005	
		\$	\$	\$	\$	\$	%
C00	FEES AND CHARGES	3,366,019,071	3,340,051,000	2,300,819,000	2,366,734,000	65,915,000	2.9
C10	LICENCES AND PERMITS	2,051,316,173	2,120,471,000	1,080,151,000	1,126,195,000	46,044,000	4.3
C11	Environment	294,296,905	294,656,000	69,630,000	1,656,000	-67,974,000	-97.6
C12	Home Affairs	80,850,924	75,474,000	82,072,000	82,239,000	167,000	0.2
C13	Housing and Properties	226,509,572	171,795,000	223,709,000	235,896,000	12,187,000	5.4
C14	Medical and Health	1,256,327	2,040,000	2,027,000	1,402,000	-625,000	-30.8
C15	Commerce	19,321,764	19,044,000	19,074,000	19,018,000	-56,000	-0.3
C16	Transport and Communication	1,399,604,924	1,510,312,000	656,915,000	762,182,000	105,267,000	16.0
C17	Customs	26,021,131	16,621,000	20,527,000	14,689,000	-5,838,000	-28.4
C19	Others	3,454,625	30,529,000	6,197,000	9,113,000	2,916,000	47.1
C20	SERVICE FEES	360,487,695	336,411,000	325,360,000	322,375,000	-2,985,000	-0.9
C21	Admission Charges	1,384,621	1,096,000	1,144,000	1,200,000	56,000	4.9
C22	Environmental Fees	185,767,801	187,592,000	186,051,000	189,012,000	2,961,000	1.6
C23	Fire and Police Services Fees	23,874,979	20,844,000	21,893,000	22,162,000	269,000	1.2
C25	Inspection & Certification Fees	3,082,267	3,971,000	4,052,000	4,045,000	-7,000	-0.2
C27	Professional Services Fees	59,817,578	60,554,000	54,549,000	54,486,000	-63,000	-0.1
C28	Schools and Institutions Fees	38,026,561	41,745,000	38,061,000	32,735,000	-5,326,000	-14.0
C29	Others	48,533,887	20,609,000	19,610,000	18,735,000	-875,000	-4.5
C30	SALES OF GOODS	180,838,806	137,014,000	148,296,000	142,274,000	-6,022,000	-4.1
C32	Publications	2,752,965	2,333,000	2,511,000	2,476,000	-35,000	-1.4
C33	Commercial Goods	77,404,174	77,679,000	88,957,000	89,995,000	1,038,000	1.2
C34	Search and Supply of Information	994,989	955,000	981,000	935,000	-46,000	-4.7
C39	Stores and Other Goods	99,686,678	56,047,000	55,847,000	48,868,000	-6,979,000	-12.5
C40	RENTAL	551,089,677	546,818,000	555,590,000	588,801,000	33,211,000	6.0
C41	Residential Properties	398,356,579	387,507,000	406,009,000	431,649,000	25,640,000	6.3
C42	Local and Overseas Quarters	566,809	877,000	860,000	846,000	-14,000	-1.6
C43	Premises for Businesses	44,786,294	44,557,000	45,731,000	49,902,000	4,171,000	9.1
C44	School Premises	1,259,264	1,295,000	1,315,000	1,367,000	52,000	4.0
C49	Other Premises	106,120,731	112,582,000	101,675,000	105,037,000	3,362,000	3.3
C50	FINES AND FORFEITURES	141,459,767	127,322,000	125,122,000	123,401,000	-1,721,000	-1.4
C51	Court Fines and Forfeitures	45,587,948	47,220,000	47,139,000	45,744,000	-1,395,000	-3.0
C52	Traffic Fines	35,087,576	30,491,000	30,579,000	29,393,000	-1,186,000	-3.9
C53	Composition Fines and Penalties	7,301,474	5,857,000	8,068,000	8,169,000	101,000	1.3
C59	Other Fines and Penalties	53,482,769	43,754,000	39,336,000	40,095,000	759,000	1.9
C60	REIMBURSEMENTS	21,967,611	21,838,000	23,911,000	22,858,000	-1,053,000	-4.4
C61	Recovery of Costs/Expenses	6,208,687	5,095,000	5,841,000	6,199,000	358,000	6.1
C62	Reimbursement for Services	3,038,000	3,600,000	3,676,000	3,685,000	9,000	0.2
C63	Secondment/Loan of Staff	4,961,651	6,213,000	6,513,000	5,716,000	-797,000	-12.2
C69	Others	7,759,273	6,930,000	7,881,000	7,258,000	-623,000	-7.9
C90	OTHER FEES AND CHARGES	58,859,342	50,177,000	42,389,000	40,830,000	-1,559,000	-3.7
J00	OTHERS	304,738,129	145,931,000	134,554,000	155,496,000	20,942,000	15.6

Appendix 7.1 - continued**Total Estimated Receipts for FY2006 by Object Class**

Account Code	Revenue Item	Actual FY2004	Estimated FY2005	Revised FY2005	Estimated FY2006	Change over FY2005	
		\$	\$	\$	\$	\$	%
L00	INVESTMENT AND INTEREST INCOME	7,392,591,520	6,683,571,000	7,394,811,000	7,654,520,000	259,709,000	3.5
L10	INTEREST	1,834,357,597	1,904,213,000	2,043,492,000	2,391,874,000	348,382,000	17.0
L11	Interest on Investments	1,827,693,767	1,898,781,000	2,034,375,000	2,383,775,000	349,400,000	17.2
L13	Interest on Bank Accounts	6,663,829	5,432,000	9,117,000	8,099,000	-1,018,000	-11.2
L20	DIVIDENDS	3,563,837,459	2,882,674,000	3,575,206,000	3,468,753,000	-106,453,000	-3.0
L40	INTEREST ON LOANS	1,994,396,465	1,896,684,000	1,776,113,000	1,793,893,000	17,780,000	1.0
M00	CAPITAL RECEIPTS	2,850,285,517	3,312,742,000	5,116,521,000	4,075,879,000	-1,040,642,000	-20.3
M10	Sales of Land	2,104,125,168	3,310,436,000	4,356,391,000	4,039,200,000	-317,191,000	-7.3
M20	Sales of Capital Goods	1,591,046	2,306,000	3,304,000	34,279,000	30,975,000	937.5
M30	Other Capital Receipts	744,569,303	...	756,826,000	2,400,000	-754,426,000	-99.7
	TOTAL RECEIPTS	37,712,280,280	38,848,626,000	39,991,203,000	40,685,991,000	694,788,000	1.7

Appendix 7.2. Total Estimated Receipts for FY2006 by Category and Head of Expenditure

Code	Head of Expenditure	Operating Revenue				Investment & Interest Income	Capital Receipts	Total Receipts
		Tax Revenue	Fees and Charges	Others	Total			
		\$	\$	\$	\$	\$	\$	
B	Attorney-General's Chambers	...	243,000	...	243,000	...	...	243,000
C	Auditor-General's Office	...	3,685,000	...	3,685,000	...	...	3,685,000
E	Judicature	...	92,509,000	...	92,509,000	...	...	92,509,000
I	Ministry of Community Development Youth & Sports	...	18,892,000	...	18,892,000	...	...	18,892,000
J	Ministry of Defence	...	46,913,000	...	46,913,000	40,000	34,279,000	81,232,000
K	Ministry of Education	...	34,544,000	...	34,544,000	...	...	34,544,000
L	Ministry of the Environment	160,413,000	310,759,000	...	471,172,000	...	...	471,172,000
M	Ministry of Finance	24,497,642,000	136,772,000	155,496,000	24,789,910,000	7,651,391,000	2,400,000	32,443,701,000
N	Ministry of Foreign Affairs	...	12,365,000	...	12,365,000	1,623,000	...	13,988,000
O	Ministry of Health	...	10,030,000	...	10,030,000	...	...	10,030,000
P	Ministry of Home Affairs	...	126,770,000	...	126,770,000	...	...	126,770,000
Q	Ministry of Information, Communications & the Arts	...	12,345,000	...	12,345,000	...	...	12,345,000
R	Ministry of Law	...	486,138,000	...	486,138,000	1,466,000	4,039,200,000	4,526,804,000
S	Ministry of Manpower	...	32,144,000	...	32,144,000	...	...	32,144,000
T	Ministry of National Development	...	256,282,000	...	256,282,000	...	...	256,282,000
U	Prime Minister's Office	...	8,835,000	...	8,835,000	...	...	8,835,000
V	Ministry of Trade and Industry	...	5,470,000	...	5,470,000	...	...	5,470,000
W	Ministry of Transport	1,775,307,000	772,038,000	...	2,547,345,000	...	...	2,547,345,000
Total		26,433,362,000	2,366,734,000	155,496,000	28,955,592,000	7,654,520,000	4,075,879,000	40,685,991,000

Appendix 7.3. Revenue Classification and Coding System

Operating Revenue is budgeted and monitored in terms of accounts under cost centres. To facilitate the monitoring and analysis of revenue collection, related revenue accounts under each cost centre are grouped into objects, objects into object groups, object groups into object classes and object classes into object categories. For example,

<i>Level</i>	<i>Example</i>	<i>Code</i>
(1) OBJECT CATEGORY	Tax Revenue	B00.000
(2) OBJECT CLASS	Customs and Excise Taxes	B30.000
(3) OBJECT GROUP	Excise Duties	B31.000
(4) OBJECT	Petroleum Products	B31.100
(5) ACCOUNTS	Gasoline	B31.101

2 There are 3 object categories (Tax Revenue, Fees and Charges and Others) for Operating Revenue.

3 The Tax Revenue category comprises 9 object classes, *viz* Income Tax, Assets Taxes, Customs and Excise Taxes, Motor Vehicle Taxes, Goods and Services Tax, Betting Taxes, Stamp Duty, Selective Consumption Taxes and Other Taxes. The Fees and Charges category comprises 7 object classes, *viz* Licences and Permits, Service Fees, Sales of Goods, Rental, Fines and Forfeitures, Reimbursements and Other Fees and Charges.

4 Further details of the Codes and titles of the various revenue object groups, object classes and object categories are given in the table at end of this Appendix.

Appendix 7.3 - continued
Revenue Classification and Coding System

OBJECT CODES AND TITLES

Object Category	Object Class	Object Group	Title
OPERATING REVENUE			
B00	TAX REVENUE		
	B10	INCOME TAX	
		B11	Corporate and Personal Income Taxes
		B12	Statutory Boards' Contribution
	B20	ASSETS TAXES	
		B21	Property Tax
		B22	Estate Duty
	B30	CUSTOMS AND EXCISE TAXES	
		B31	Excise Duties
		B32	Customs Duties
	B40	MOTOR VEHICLE TAXES	
	B50	GOODS AND SERVICES TAX	
	B60	BETTING TAXES	
	B70	STAMP DUTY	
	B80	SELECTIVE CONSUMPTION TAXES	
	B90	OTHER TAXES	
C00	FEES AND CHARGES		
	C10	LICENCES AND PERMITS	
		C11	Environment
		C12	Home Affairs
		C13	Housing and Properties
		C14	Medical and Health
		C15	Commerce
		C16	Transport and Communication
		C17	Customs and Excise
		C19	Others

Appendix 7.3 - continued
Revenue Classification and Coding System

Object Codes and Titles

Object Category	Object Class	Object Group	Title
C00	Fees and Charges – continued		
	C20	SERVICE FEES	
		C21	Admission Charges
		C22	Environment Fees
		C23	Fire and Police Service Fees
		C25	Inspection and Certification Fees
		C27	Professional Services Fees
		C28	Schools and Institutions Fees
		C29	Others
	C30	SALES OF GOODS	
		C32	Publications
		C33	Commercial Goods
		C34	Search and Supply of Information
		C39	Stores and Other Goods
	C40	RENTAL	
		C41	Residential Properties
		C42	Quarters
		C43	Premises for Businesses
		C44	School Premises
		C49	Other Premises
	C50	FINES AND FORFEITURES	
		C51	Court Fines and Forfeitures
		C52	Traffic Fines
		C53	Composition Fines and Penalties
		C59	Other Fines and Penalties

Appendix 7.3 - continued
Revenue Classification and Coding System
Object Codes and Titles

Object Category	Object Class	Object Group	Title
C00	Fees and Charges – continued		
	C60	REIMBURSEMENTS	
		C61	Recovery of Costs/Expenses
		C62	Reimbursement for Services
		C63	Secondment/Loan of Staff
		C69	Others
	C90	OTHER FEES AND CHARGES	
J00	OTHERS		
	J10	Financial Receipts	
	J20	Loan Related Receipts	
L00	INVESTMENT AND INTEREST INCOME		
	L10	INTEREST	
		L11	Interest on Investments
		L13	Interest on Banks Accounts
	L20	DIVIDENDS	
		L21	Government-owned Companies
		L22	Statutory Boards
		L29	Other Investments
	L40	INTEREST ON LOANS	

Appendix 7.3 - continued
Revenue Classification and Coding System

Object Codes and Titles

Object Category	Object Class	Object Group	Title
OTHER RECEIPTS			
M00	CAPITAL RECEIPTS		
	M10	SALES OF LAND	
		M11	Private Bodies
		M12	HDB and JTC
		M13	Other Public Bodies
		M19	Other Land Sales
	M20	SALES OF CAPITAL GOODS	
		M21	Sale of Assets
	M30	OTHER CAPITAL RECEIPTS	
		M31	Other Capital Receipts