

The Singapore Budget

Why the Budget matters

The government must seek the approval of Parliament for its annual Budget. Currently, approval is not in doubt since the governing People's Action Party holds a majority of seats in Parliament and its MPs must vote according to the party line.

But, it is still a significant event. Major policy changes and programmes are announced then. Also, the debates that follow sometimes lead to changes or tweaks to initially announced programmes.

How it works

The Budget Cycle
(estimated dates for 2015)

Before Budget Day
Cabinet approves of the Budget

- In the run-up to Budget Day, ministers sometimes hint at what to expect.

Feb 23 Budget Day
Budget statement is delivered by the Finance Minister in Parliament

- Finance Minister reviews economy's performance and announces economic proposals, eg taxes and incentives for coming year.
- Also issued on Budget Day: the Budget Book, a thick tome containing expenditure estimates from each ministry.

Feb 24 - Feb 28
Parliament is adjourned for at least five days

- MPs file "cuts" on what they would like to speak in Parliament about during the Budget and Committee of Supply debates.

Mar 2 - Mar 3
The Budget Debate: two days

- Finance Minister introduces the Supply Bill, to pass the law controlling how much and how the government can spend in the coming financial year.
- The Budget Debate begins. Closes after two days with the Finance Minister's round-up speech, and a vote to support or reject the Budget statement.

Mar 4 - Mar 12
The Committee of Supply (COS) Debates: 7-10 days

- The whole Parliament forms a Committee of Supply to consider "the Business of Supply", that is, each ministry's request for funds and votes on it.
- Members propose token cuts of S\$100 to each ministry's budget, just as a formality, so that they get to debate on the policies and programmes of that ministry.
- Used to be known as the "Grievance Debates" - members get the chance to air their disagreements with the ministries' programmes. These days, they are just known as the COS debates.
- Parliament votes on the estimates, and then on the Supply Bill.
- Supply Bill passed. President approves, and Bill is enacted as the Supply Act.
- Government can now take out monies from the Consolidated and Development Funds for use.

From Supply Bill to Supply Act

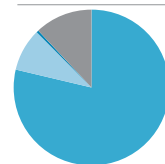
April 1
New FY begins

- The government's financial year is from April 1 to March 31 of the following year. Also known as the fiscal year.

FY2014 Budget Estimates

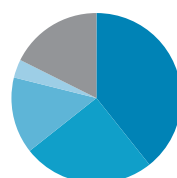
Where the money comes from

	S\$B	% CHANGE FROM FY13
Operating revenue	59.5	4.1
Taxes	53.2	4.0
Fees & charges	6.0	5.9
Other revenue	0.3	1.6
■ NIRC*	8.1	2.0
Total inflow	67.6	3.9



Where the money goes to

	S\$B	% CHANGE FROM FY13
Total expenditure	56.7	8.3
Social development	27.0	10.9
Security & foreign relations	17.2	4.4
Economic development	10.0	5.4
Government administration	2.4	21.3
■ Special transfers	12.1	37.4
Total outflow	68.8	12.4



Overall balance

-1.2

(Total inflow - Total outflow)

*Net Investment Returns Contribution (NIRC)

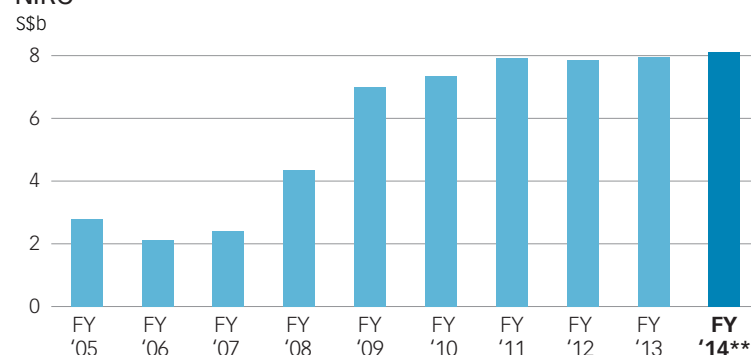
- Since FY2009, the government can supplement its Budget with:

50% of the long-term expected real return from net assets managed by GIC and Monetary Authority of Singapore + 50% of the net investment income (NII) from remaining assets (including Temasek's)

- Before FY2009, only the NII component could be tapped.

- The government has said that it expects to take the full 50% of NIRC into its FY2014 Budget.

NIRC



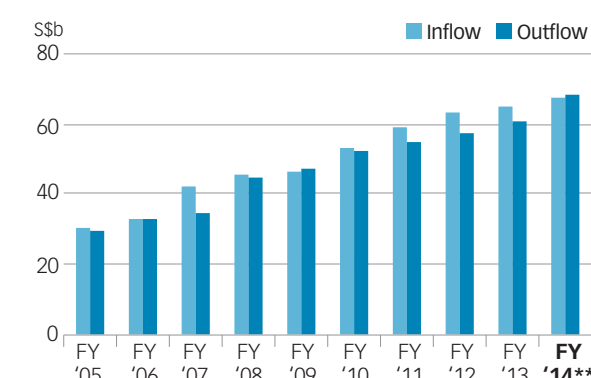
Fiscal Prudence

The Singapore Budget

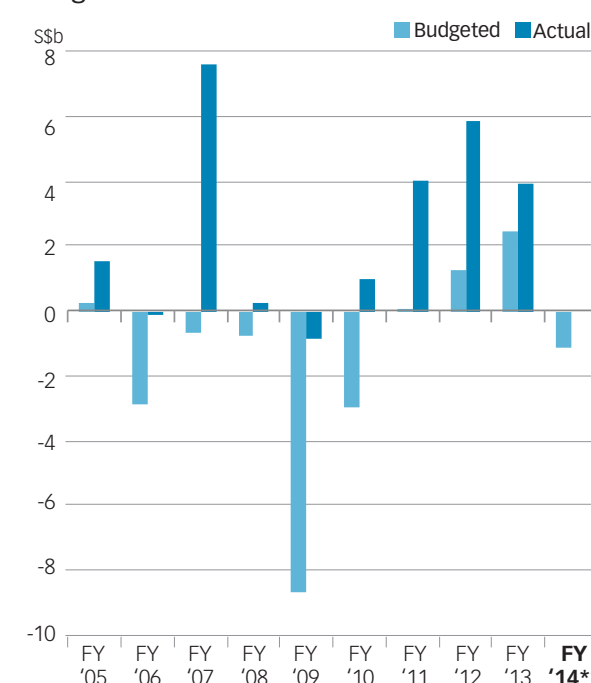
- must be balanced or positive over each term of government
- past reserves can only be used under exceptional circumstances
- does not recognise proceeds from land sales as available for spending

International Monetary Fund (IMF) data suggests that by at least one measure, the General Government Cyclically Adjusted Balance, Singapore was the most fiscally prudent of advanced economies over the past five years (2010-2014).

Total inflow vs total outflow



Budgeted vs actual



**FY'14 figures are budgeted estimates