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**PUBLIC GOVERNANCE DIRECTORATE
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Budgeting in Singapore

Singapore has adapted its budget framework in response to changes in the rate of economic growth, increases in the public expenditure needs of its population, a global health pandemic, and policy initiatives that range from climate action to national security. This paper considers the Singapore's budget framework, its application, and the government's steps to strengthen budget transparency. The views in this paper were informed by the OECD Spending Better Framework. Delegates to the Committee of Senior Budget Officials are invited to approve this report for publication. Please provide any comments by 8 January 2025.

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Executive summary

3. Singapore has an international reputation for fiscal discipline in budgeting and policies that support long-term fiscal sustainability. However, the years of high economic and population growth in Singapore from the 1990s and 2000s are in the rear view mirror. Economic growth is moderating, the population is ageing and birth rates are well below the replacement rate. The government has needed to adapt to a tighter fiscal position, while maintaining long-term fiscal sustainability.

4. The government has already made successive reforms to its budget framework in response to higher social and health expenditure. These reforms include:

- Amending the Central Provident Fund framework to strengthen retirement adequacy.
- Introducing the Net Investment Returns Framework, enabling the government to access up to half of the expected long-term real returns from reserves accumulated in previous terms of government.
- Enabling the government to borrow for nationally significant capital expenditure.
- Increasing the use of special funds to better plan for upcoming expenditure.

5. The government has also reformed the way the budget framework is applied. This has included:

- Improving the incentives for ministries to manage cost pressures within the five-year funding blocks.
- Focusing on public sector innovation and transformation for both baseline and new expenditure.
- Diversifying the tax base and increasing the progressivity of tax rates as expenditure increases.
- Increasing contribution rates to the Central Provident Fund for senior workers to improve the adequacy of retirement for those workers.

6. The reforms to both the budget framework and its application show the core objective to maintain fiscal sustainability in Singapore, specifically through the constitutional and presidential protections to access past reserves, the requirements for a balanced budget within the term of the current government, the ban on borrowing to fund operating expenditure, medium-term ceilings on the government's core expenditure, and the contribution rate from net investment returns limited at up to 50% of expected long-term real returns.

7. Singapore's Constitution stipulates that accessing past reserves requires the President's approval. The government has so far set a high bar to access those reserves. The existence of an economic or health crisis is, in itself, not sufficient unless the circumstances are extraordinary and temporary. Only two events have fallen under these criteria (the 2008 Global Financial Crisis and the 2020-21 COVID-19 pandemic) and the outlook for expenditure pressures has helped reinforce the view of the past reserves as a strategic, inter-generational asset to protect for as long as possible.

8. In Singapore, the Ministry of Finance is the central budget authority. It prepares the budget and it advises the government on how to strengthen the budget framework as the economic environment and social spending pressures evolve. The Ministry collaborates with the Prime Minister's Office on policy priorities, and the Ministry of Trade and Industry and Monetary Authority of Singapore on macro-fiscal

forecasts. The collaboration shows well-defined yet closely connected responsibilities that contribute to preparing the budget.

9. In view of the reforms to the budget framework, and the extraordinary circumstances from the COVID-19 pandemic, the Ministry of Finance has increased its capacities to communicate how the government uses the budget to support Singaporeans. The Ministry has shown that budget communication is a specialised and iterative function that can be used to increase public understanding of public financial management and how the budget responds to the needs of businesses, communities and individuals.

10. In Singapore, the social compact that expresses the relationship between the government and the Singaporean people is both well-defined and continually evolving as the needs of the Singaporean society changes. Over several decades, the government has initiated national consultations with the resident population, including its 2022-2023 Forward Singapore exercise, to update and maintain a shared view of the compact. The consultations have helped inform how the budget can better support Singaporeans in such things as life-long education, housing, health, and aged care.

11. The budgetary institutions in Singapore are underpinned by cash accounting for budgeting and financial reporting, timely financial statements of government that are submitted to parliament, and independent oversight by the Office of the Auditor General. There are fewer budget reports than in most OECD countries. In particular, medium-term economic forecasts and assumptions and the full size of Singapore's reserves are not reported, with only the size of the assets invested by the Monetary Authority of Singapore and Temasek Holdings, but not GIC Private Limited, publicly available. However, the government has taken steps to increase the quality and transparency of budget reports, including by publishing details on its medium-term fiscal outlook up to FY2030 in its 2023 occasional paper.

12. The reforms to the budget framework, its application, and gradual improvements to budget transparency demonstrate the changing nature of budgeting in Singapore in the context of ongoing fiscal pressures. The OECD supports the initiatives to strengthen budget transparency, particularly the focus on medium-term budgeting, fiscal sustainability, and initiatives that contribute to the public's understanding of budgeting in Singapore.

Abbreviations and acronyms

AGO	Auditor General's Office
CPF	Central Provident Fund
FY	Financial Year
GDP	Gross Domestic Product
HDB	Housing and Development Board
MAS	Monetary Authority of Singapore
OECD	Organisation of Economic Co-operation and Development
PST	Public Sector Transformation
SGD	Singaporean Dollar
SINGA	Significant Infrastructure Government Loan Act
SPOR	Singapore Public Sector Outcomes Review

1 Effective budget management

This section considers key elements of the budget framework – fiscal objectives and multi-year expenditure baselines and ceilings – that have contributed to Singapore maintaining fiscal discipline over a sustained period. It discusses reforms to the framework and the roles of the various government bodies that contribute to the Ministry of Finance’s preparation of the budget.

The Constitution expresses clear fiscal objectives for the government to maintain a balanced budget for each term of government and the law does not allow for borrowing for operating expenditure. The objectives are designed to provide for long-term fiscal sustainability.

Over time, the government has reformed its budget framework in response to slower rates of economic growth and an ageing population. In doing so, the government has recognised it is likely to face a tougher fiscal outlook than it has historically enjoyed. The reforms introduced a new framework to access the returns from past reserves, reinstated the ability to borrow for spending but only on nationally significant capital expenditure, and increased the use of special funds for forward-looking expenditure. From an OECD perspective, these reforms would be reinforced by publishing macro-fiscal forecasts and economic assumptions more systematically to support public understanding of the government’s fiscal outlook.

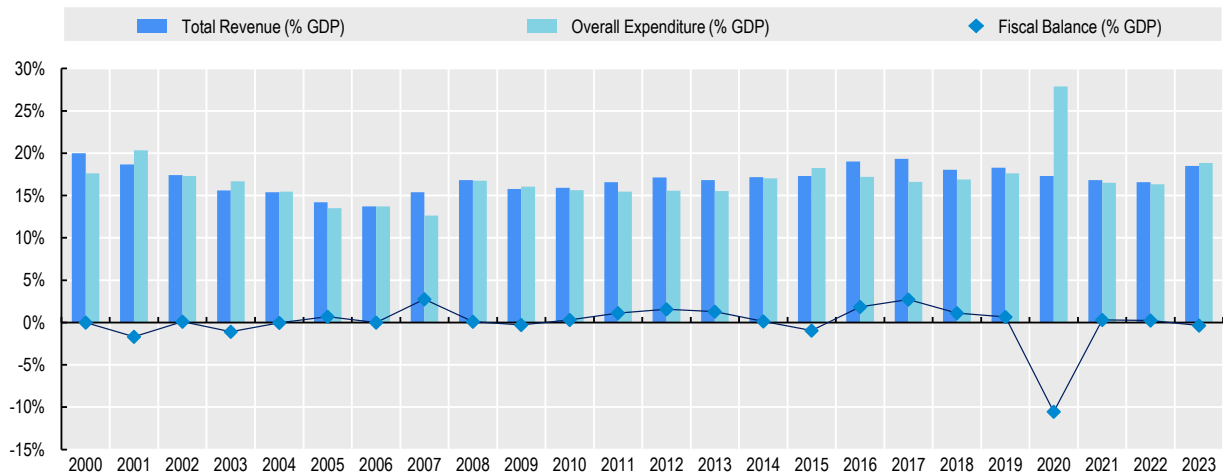
In Singapore, budget programmes specify the funding, the employee headcount, and the results that are to be achieved. The specifications, alongside well-defined accountability arrangements, underscore a degree of budget autonomy for ministries, which is defined through five-year funding ceilings for core spending.

1.1. Introduction

13. In Singapore, government expenditure has increased at a rate of around 1.5%-points of GDP every five years since 2006 (Ministry of Finance, 2023^[1]).

14. The public sector (circa 18% of GDP, 2022) is small relative to the average size of governments in OECD countries (circa 48% of GDP, 2022), although this is in part due to differences in what is included within the definition of government, as the financial contributions that Singaporeans make to their CPF accounts as a mandatory savings scheme for healthcare, housing and pensions are considered to be outside of the government’s operating expenditure.

Figure 1. Budget aggregates (revenue, expenditure and budget balance), 2000-2023



Source: Ministry of Finance, Singapore.

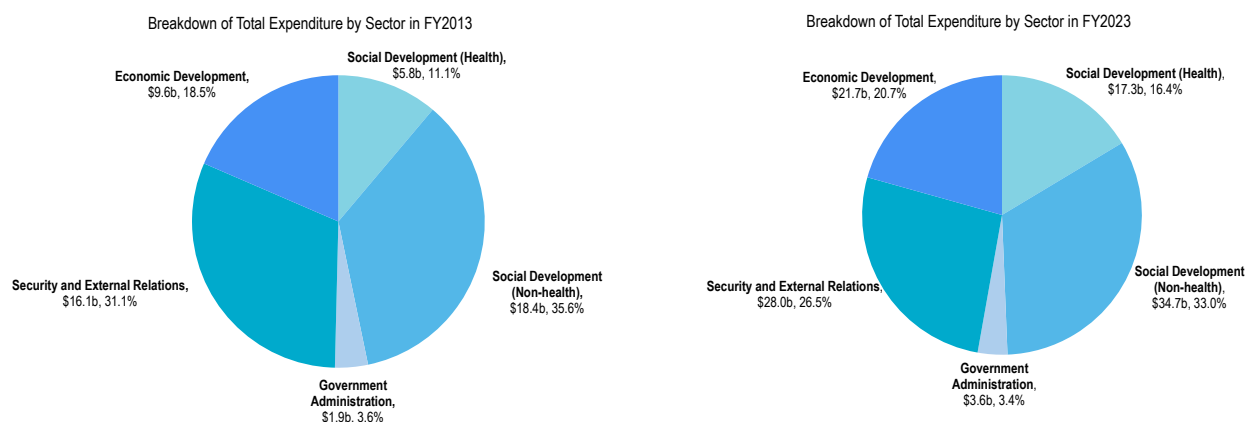
Note: Fiscal balance refers to Budget Surplus/Deficit from FY2000–2002; Overall Budget Surplus/Deficit from FY2003–2020; and Overall Fiscal Position from FY2021. Overall Expenditure refers to Total Expenditure, Special Transfers (Including Top-ups to Endowment and Trust Funds), Depreciation of Nationally Significant Infrastructure, and SINGA Interest Costs and Loan Expenses, less Capitalisation of Nationally Significant Infrastructure.

15. Singapore is increasingly facing challenges to maintain a small, lean government sector. The population is ageing, brought about by high longevity and low birth rates, which have been reported on over a sustained period as a long-term trend (Prime Minister’s Office, 2012^[2]). It is likely that increases in government expenditure and changes to the composition of expenditure will continue for some time. In order to mitigate the impacts of increased expenditure, the government has tried to minimise the growth in government administration and it prioritises spending on economic and social development and healthcare while maintaining a balanced budget.

16. Figure 2 illustrates the prioritisation from the changes in the proportion of actual spending in the period from 2013 to 2023.

Figure 2. Composition of total expenditure, 2013 and 2023

In SGD billion (Singaporean Dollar)



Source: Ministry of Finance, Singapore.

Notes: Social Development comprises the Ministry of Health, Ministry of Education, Ministry of National Development, Ministry of Social and Family Development, Ministry of Sustainability and the Environment, Ministry of Culture, Community and Youth, Ministry of Manpower (Financial Security), and Ministry of Communication and Information (without Infocomm Media Development Authority, Cyber Security Agency). Security and External Relations comprise Ministry of Defence, Ministry of Home Affairs, and Ministry of Foreign Affairs. Economic Development comprises Ministry of Transport, Ministry of Trade and Industry, Ministry of Manpower (without Financial Security), and Ministry of Communication and Information (Infocomm Media Development Authority, Cyber Security Agency). Government Administration comprises Prime Minister’s Office, Ministry of Finance, Ministry of Law, and Organs of State.

1.2. Clear fiscal objectives

17. The Government of Singapore has a well-defined budget framework with clear fiscal objectives in its Constitution that are designed to ensure long-term fiscal sustainability. The objectives state the fiscal rules the government is to adhere to by maintaining a balanced budget over a single term of government and prohibiting the use of public debt for operating expenditure.

18. The fiscal rules provide a measurable benchmark to hold each term of government to account in that they have a defined period of application and compliance is able to be verified through government reporting and the public in general. Placing the fiscal rules in the Constitution sets a high bar to amend the rules. While inclusion of fiscal rules in national constitutions is relatively common from an OECD perspective, with 40% of OECD countries’ national constitutions containing budget rules, Singapore is the only country in Southeast Asia to adopt the approach.

19. Under the balanced budget rule, each new term of government is not allowed to spend from the budget surpluses that were accumulated in previous terms, unless approved by the President of Singapore. Such surpluses are protected as past reserves.

20. The reserves are defined in the Constitution as the excess of assets over liabilities. Assets comprise financial assets (e.g. bonds) and physical assets (e.g. land), and the liabilities include government securities such as those issued to the Central Provident Fund (CPF) Board, the body responsible for administering Singapore’s social security and pension plans. While the government’s gross debt of around 170% of GDP (2023) is high relative to most OECD countries, its net asset position is positive, as reflected in the net investment returns generated on the reserves.

21. The Constitution safeguards the use of past reserves by empowering the President of Singapore to have the final determination on whether the government may draw upon them. The safeguards are referred to as a “two-key” protection. The government holds the first key, which it exercises by passing the Supply Bill through Parliament, and the President holds the second key by holding discretionary powers to veto transactions that could draw on past reserves. The safeguards also require the President’s concurrence on the issuance of government guarantees and loans, the Government’s proposed expected long-term real rates of return on net assets invested which contributes to the annual budget, and the appointment of senior representatives of GIC¹, Temasek, and the Monetary Authority of Singapore (MAS).

22. In addition to the Constitution, the fiscal rules are implemented through general legislation and administrative guidelines, including the Financial Procedure Act, the Significant Infrastructure Government Loan Act, and the Audit Act. While the government maintains a tight control on the specification and delivery of budget programmes, under the Constitution the government has flexibility to access contingency funds for urgent and unforeseen expenditure. The size of the contingency funds is approved by Parliament.

1.3. Medium-term outlook and ceilings

23. Each ministry has multi-year expenditure baselines and ceilings that extend for a five-year period beyond the current year. At the end of the period, the Ministry of Finance reviews the baselines in conjunction with the relevant ministry before the baselines are reset for the next five-year period. The ceilings, known as ‘blocks’, fund the daily operations of ministries.

24. An annual increment, the ‘Budget Growth Factor’, helps ministries respond to cost pressures and is based on averaged GDP growth over a seven-year period covering the three years preceding and following the current financial year. The seven-year average is designed to reduce year-on-year fluctuations in the annual increments and improve the predictability of budget adjustments from one year to the next. However, ministries still need to find efficiencies within the blocks to meet spending pressures, as the budget guidance issued by the Ministry of Finance specifies that a portion of the annual increments is retained centrally to fund new and emerging governmental priorities.

25. Although the government maintains multi-year expenditure baselines, it only publishes its budget for the coming year. The government does not routinely publish a medium-term fiscal outlook, or provide information on economic assumptions and economic modelling in the budget. While the Ministry of Finance has taken steps gradually to increase the information on the economic and fiscal context for the annual budget including through its 2023 occasional paper, it is not yet to the same degree as OECD countries.

26. In Singapore, top-down ceilings are not just for expenditure, they apply to the number of people employed in the public sector. The Ministry of Finance ensures that the size of the government’s labour force is capped at a level proportional to the size of Singapore’s total resident labour force.

1.4. Reforming the budget framework

27. In the OECD’s 2006 report, *Budgeting in Singapore*, the budget framework was characterised as comprising four pillars (Box 1). One of these pillars was the annual budget, while the others identified areas that were as significant to budgeting, including the individualised contributions by Singaporeans for access to healthcare, housing and pensions (via the CPF); the management of Singapore’s reserves (government investment agencies); and special funds to provide resources for upcoming expenditure.

¹ In 2013, the Government of Singapore Investment Corporation changed its name to GIC.

Box 1. Four pillars within the budget framework

In 2006, the budget framework in Singapore was characterised by four pillars (Blöndal, 2006^[3]). The construct helped to identify the relationships between the pillars to show the practical operation of Singapore's budget framework.

- **The annual budget:** The financial year is from 1 April to 31 March.
- **Central Provident Fund:** A defined-contribution fund organised by individual accounts that are financed from payroll contributions from employees and employers for approved uses, specifically healthcare, housing and pensions.
- **Government investment agencies:** The three principal agencies are GIC Private Limited, Temasek Holdings (Private) Limited, and the MAS. They are responsible for managing and investing Singapore's reserves.
- **Special funds:** These funds are specified through legislation and/or trust deeds to specify the purposes and governance arrangements for each special fund.

28. Today, the four pillars remain in place along with reforms since 2006 to strengthen the budget framework and improve the way the pillars operate. The reforms include amending the CPF framework, establishing a framework to access investment returns, permitting the limited use of borrowing for nationally significant capital expenditure, and increasing resilience in the use of special funds.

1.4.1. Amending the Central Provident Fund Framework

29. The CPF was established in 1955 with the objective of providing financial security to workers in retirement or permanent disability. The CPF is a mandatory defined-contribution, social security scheme that is funded by financial contributions from employers and employees. The contributions are held in personalised member accounts to provide access to an annuity in retirement or in the event of permanent disability. The funds are invested by the CPF Board in government securities. The CPF is fully funded, asset-backed and financial returns are underpinned by a government guarantee. Since its establishment, the government has expanded the CPF's remit to permit the contributions to the member accounts to be used for housing and medical expenses.

30. More recently, the government has amended the CPF framework to improve the adequacy of retirement savings, guard against a situation where people could outlive their savings as the population lives longer, and to mitigate income inequality. Examples include the Workfare Income Supplement (2007), the Extra Interest Initiative to provide higher returns on low balances (2008), a longevity insurance annuity scheme (2009), and matching cash top-ups by eligible senior citizens to their retirement accounts (2021).

1.4.2. Establishing the Net Investment Returns Framework

31. Since 1991, the government has protected its past reserves through the Reserves Protection Framework. Over time, successive governments have amended the Constitution to better support sustainable spending levels and protect against biases in investment behaviour.

- **Improve sustainability:** In 2008, the government introduced the Net Investment Returns Framework to allow up to 50% of the expected long-term real returns from net assets invested by GIC Private Limited and the MAS to be used in the annual budget. A subsequent amendment added Temasek Holdings to the framework from 2016. [
- **Protect against investment bias:** The framework included capital gains (both realised and unrealised), to overcome the potential bias for investments to generate income over growth, or to

divest assets. The framework also introduced the concept of expected long-term returns, as a forward-looking estimate of returns derived from calculating the estimated investment returns over the long term e.g. a 20-year period. The estimate is calculated as real rather than nominal returns to maintain the real value of reserves over time.

32. The constitutional amendments increased the revenue available in the annual budget. The contributions of net investment returns to the budget increased from 5.6% of government revenue in 2007 to 18% of government revenue in FY2023.

1.4.3. Borrowing for nationally significant capital expenditure

33. Until 2021, the government was not allowed to borrow for spending purposes; however, historically, this was not always the case. In the 1980s, the government borrowed to fund nationally significant investments, such as Changi Airport and the Mass Rapid Transit system. In 2020, the government concluded that lower expected rates of economic growth, increasing pressure on public spending, and a generational upgrade of infrastructure would lead to higher levels of capital expenditure.

34. In 2021, the government passed the Significant Infrastructure Government Loan Act (SINGA) to permit debt-financed capital expenditure. The legislation includes safeguards that specify the maximum borrowing and annual interest expense at SGD 90 billion and SGD 5 billion respectively. Eligible projects must be of a large scale (at least SGD 4 billion), have a long useful life (at least 50 years), generate productivity gains and/or improve economic, social and environmental sustainability, and be owned by the government to be capitalised on the government's financial accounts. Excluded from consideration are the recurrent costs from large-scale projects and land purchases.

35. From a budget perspective, SINGA provides a specialised instrument for capital expenditure that would otherwise be at the expense of other initiatives in the budget. Under SINGA, the budget impact is from depreciating the asset over its useful life after construction is completed, not the cash expense during the construction. The exclusion of recurrent expenditure means the upkeep of the assets will need to be resourced through the budget process. SINGA specifies the borrowing framework, but it does not specify the debt instruments. As such, the government can make use of different debt instruments depending on the nature of the project, for example the Singapore Green Bond Framework for capital expenditure that qualifies as green within that framework.

1.4.4. Increasing the use of special funds

36. The government maintains special funds to allocate money through the budget to specific purposes. These provisions are typically designed to meet spending needs arising from long-term challenges. Special funds include the National Research Fund, National Productivity Fund and the Coastal and Flood Protection Fund. Over successive budgets, as spending needs increase, the government has increased the number of special funds. The budget process enables the government to top-up the special funds to maintain the original policy objectives of the funds. For instance, the purpose and scope of the Coastal and Flood Protection Fund is defined in the Public Utilities Act, and annual inflows and outflows from top-ups and expenditure are reported in the financial statements of the Public Utilities Board. From a budgeting perspective, the special funds enable the setting aside of money in years when fiscal space is available to meet long-term spending commitments, within the constraints of the fiscal rules on past reserves.

1.5. Well-defined roles and responsibilities

37. The government comprises 16 ministries and 65 (2024) statutory boards. The ministries and statutory boards are arranged in groups, referred to as 'ministry families', a concept that is intended to support co-ordination across government. In the case of the Ministry of Finance, its ministry family

comprises three departments (Accountant-General's Department, Singapore Customs, and Vital, a provider of corporate shared services), and three statutory bodies (Accounting and Corporate Regulatory Authority, Inland Revenue Authority of Singapore, and Singapore Totalisator Board, which oversees the gaming operations of the Singapore Turf Club and the Singapore Pools Limited).

38. The Ministry of Finance is the government's central budget authority. The Ministry employs around 340 people (2023) and its responsibilities include planning and preparing the budget, monitoring budget implementation, and providing advice to the government on fiscal and budgetary matters.

39. When planning and formulating the budget, the Ministry of Finance works alongside other ministries, as is the case for central budget authorities in many OECD countries. Areas for which other ministries have responsibilities in Singapore include:

- **Strategic planning:** Established in 2015, the Strategy Group in the Prime Minister's Office comprises around 140 people (2023). The Strategy Group's responsibilities include medium-term planning on a whole-of-government basis. It collaborates with the Ministry of Finance on budget planning and the government's assessment of large-scale budget proposals.
- **Medium-term economic and fiscal forecasts:** The Ministry of Trade and Industry and MAS are responsible for producing the government's macro-fiscal forecasts, which the Ministry of Finance uses to plan and prepare the budget in accordance with the relevant fiscal rules and primary legislation.
- **Public sector employment:** The Ministry of Finance establishes a cap on the headcount in the public sector in relation to the economy based on data supplied by the Ministry of Manpower. The Ministry of Finance also collaborates with the Public Service Division on public sector employment.
- **Reviewing allocations and assessing proposals:** The Ministry of Finance collaborates with line ministries and statutory boards on security, infrastructure, economic and social programmes.

40. The separation of functions between the Ministry of Trade and Industry preparing economic forecasts and the Ministry of Finance preparing the budget has similarities to the arrangements in some OECD countries, including the United States, where the Department of the Treasury prepares the economic forecasts while the Office of Management and Budget prepares the budget. A distinction from this comparison with OECD countries is that while many OECD countries publish multi-year economic forecasts, including GDP growth, the composition of GDP, the rate of employment, current accounts and inflation, such forecasts are not published in Singapore.

41. The public service in Singapore operates on merit-based appointments and does not reserve positions for political appointees. The Public Service Division of the Prime Minister's Office is responsible for overseeing human resource policies and building the capability of public service officers. The Ministry of Finance works with the Public Service Division on the size of the public sector workforce as well as the structure and skills that are needed to deliver public services. Separately, the Public Service Commission is responsible for nominating candidates to senior positions, such as permanent secretary roles in ministries, and director-general roles in departments, and is closely involved in the selection of chief executives for statutory boards.

42. The well-defined accountability arrangements for the delivery of government services, as well as recognition that ministries are best placed to determine where expenditure is needed to deliver those services, means that ministries have some autonomy when executing the budget, including to carry forward up to 2.5% of the block budget across individual years. They are able to transfer funding between programmes, subject to limitations that maintain the purposes of parliament's approval of the budget, specifically, funding cannot be transferred across heads of expenditure, and accounting classifications between operating and development expenditure are respected.

2 Change and transformation

Over time, the government has transformed the way it applies its budget framework. This section considers those changes and transformations, including how it has incentivised greater efficiency in public spending, greater collaboration for cross-cutting priorities, and a greater focus on innovation across government. The section goes on to discuss how the government uses its budget framework to the fullest extent possible through revenue, employment contributions and spending to comply with the requirement to balance the budget.

The budget process in Singapore focuses on the marginal change in budget expenditure, and encourages ministries to find efficiencies themselves within core (block) expenditure. The process incentivises the development of budget proposals that transform the delivery of government services, co-ordinate efforts across multiple ministries, and provide solutions that can be scaled up to support government priorities. The emphasis on improving the effectiveness of the budget process is a key characteristic of how the government budgets.

The government's responses to challenges, such as an ageing population, are also borne by employers and employees, most recently for older employees through increases in contributions to the CPF member accounts. The increases in contribution rates have been accompanied by the government's own top-ups to member accounts.

The government has demonstrated it has the capacity to respond to exceptional circumstances, such as the COVID-19 pandemic, which was temporary and extraordinary, while recognising that past reserves are designed to be a strategic, inter-generational asset.

2.1. Incentivising efficiency in the budget process

43. Since 2018, the process for planning and preparing the annual budget in Singapore places an emphasis on cross-cutting government priorities such as climate change (Box 2), and collaborative initiatives that involve contributions from more than one ministry to improve the co-ordinated delivery of government services. The Ministry of Finance looks at how change and transformation initiatives are included in the marginal revenue and spend of the budget. It focuses on:

- The proportion of budget funding available from centralised funds for emerging needs.
- Undertaking resource reviews to consider transformation on a whole-of-government basis, rather than on a ministry by ministry basis.
- Maintaining capital expenditure to support productivity growth.

44. The government expects all ministries and statutory boards to make efficiency improvements to budget programmes year on year. By design, the five-year funding blocks are not sufficient to fund all the

activities of a ministry, meaning ministries need to seek additional funding for activities that are not covered by the blocks and to implement the government's new priorities. The government maintains a central pool of funds to allocate funding for infrastructure, top-ups for additional costs, and competitive funds. This approach has sharpened the focus of the budget process, as the majority (60%) of budget expenditure has already been determined through block allocations.

45. The government seeks an efficiency dividend from ministries by asking them to find efficiencies from business-as-usual activities. As of 2024, 70% of the Block Growth Factor and 40% of the allowable growth in the government's labour force are retained centrally. This means that only 30% of the Block Growth Factor is available to ministries for cost pressures and 60% of the rate of change to the resident labour force. Historically, the labour force has increased, but due to an ageing population, at a future point, the growth rate will become negative, and ministries will need to deliver services with fewer staff, which will create a new dimension to managing public sector employment.

46. Even where new initiatives are not fully funded agencies can self-fund initiatives from the efficiencies they have identified. This practice can also help to indicate the priority the ministry places on the new initiative.

Box 2. Climate change and budgeting in Singapore

As an island state of 724 square kilometres, Singapore is vulnerable to the effects of climate change from rising sea levels, erosion to its coastline and a limited land mass that reduces the options for climate mitigation initiatives such as clean energy generation.

The government is party to the United Nations' 2015 Paris Agreement, which sets the goal of holding global temperature increases to below 2 degrees Celsius. In 2021, the government released the Singapore Green Plan 2030, which contributes to the 2030 Sustainable Development Agenda and the Paris Agreement. In 2022, it set its goal to achieve net-zero emissions by 2050. The government's budget strategy on climate change centres on:

- **Funding and financing:** Establishing a Future Energy Fund to provide financial support to catalyse energy transition projects; and issuing sovereign green bonds to finance green infrastructure (e.g. new electric rail lines).
- **Spending:** Increasing the resilience of the built environment, surroundings and coastline through spending on climate mitigation and adaptation
- **A change in behaviour:** In addition to steadily increasing the carbon tax to incentivise decarbonisation efforts by businesses. Singapore has set out a five pillar approach to influence behavioural change from the choice of energy, transportation and environmentally sustainable living solutions available to Singaporeans.

2.2. Driving public sector transformation

47. The Ministry of Finance has a number of levers available to it in the budget process to help drive public sector innovation and transformation including the Public Sector Transformation Budget, the Reinvestment Fund, Joint Budgets, and capital development.

2.2.1. Public Service Transformation Budget

48. The Public Service Transformation (PST) Budget comprises a yearly Ministry PST Budget for agency-level transformation initiatives and whole-of-government PST Budget for cross-agency initiatives that are assessed by the Ministry of Finance each quarter based on whether the proposals:

- show measurable improvement from the status quo through innovation.
- are scalable beyond a pilot phase, in order to identify whether it could be relevant to other ministries
- involve a ministry contributing to the cost of the proposal, in order to demonstrate the ministry's commitment to the proposal and its confidence of its success.

49. Proposals for transformation can pilot initiatives within a ministry's mandate or across multiple ministries. Funding for PST is for a maximum of a three-year period, while larger projects are assessed under the Reinvestment Fund. For cross-agency projects, ministries are provided a portion of the funding required to develop the project. Once the results from a pilot have been substantiated, ministries are able to apply for additional funding to scale up the projects.

50. Funding is also allocated to ministries for transformational projects that have come about from their own initiatives, and ministries are encouraged to contribute to this funding and headcount from within the five-year blocks. Special consideration is given to smaller ministries to ensure the amount they receive remains meaningful. This approach recognises that transformative efforts are best driven from within ministries.

2.2.2. Reinvestment Fund

51. The Reinvestment Fund enables ministries to apply for project funding and headcount to fund government priorities and focuses on emerging issues, including demographic pressures, climate change commitments, technological transformation, and geo-political resilience and security.

52. The Reinvestment Fund is scalable depending on the nominal GDP growth, the size of the re-allocation from line ministry budgets, and the government's overall fiscal position. The Fund does not alter the block allocations to ministries for core activities.

2.2.3. Joint budgets

53. Joint budgets provide a funding instrument for cross-cutting initiatives that require close collaboration across multiple ministries and/or agencies. For instance, the government's initiatives on jobs and skills, e.g. SkillsFuture, which involves the ministries of Education, Manpower, Trade and Industry, and Digital, Development and Information. The governance arrangements for joint budgets are through accountability arrangements for a lead agency, an inter-agency committee, or a combination of the two approaches. Although the instrument is designed to encourage collaboration in delivering public services, it can be more complex to administer and to date has not been widely taken up by ministries. The Ministry of Finance has responded by increasing the flexibility of the administrative requirements to help support its use.

2.2.4. Capital development projects

54. The Ministry of Finance focuses on value-for-money when reviewing capital expenditure proposals. The review process distinguishes between small and large-scale projects to help maintain appraisal processes that are appropriate for the level of expenditure. The Ministry considers cost-benefit analyses and project lifecycle costing, including maintenance and disposal.

55. In 2022, the Ministry of Finance updated its guidance on Cost-Benefit Analysis to allow ministries to standardise their methodologies and parameters. The prioritisation of capital development on a whole-of-government basis is comparable to several OECD countries, with similar approaches found in Australia, New Zealand and the United Kingdom.

2.3. Using every budget lever when planning and preparing the budget

56. The government has demonstrated over successive budgets that to use the budget effectively to support economic and social development, it should use every lever within the budget, through revenue, contributions and spending to progress policy priorities.

2.3.1. Diversifying revenue

57. On budget revenue, the government has diversified its tax base and increased tax rates to improve fiscal sustainability and maintain a balanced budget in the context of increasing expenditure pressures. The changes have made the tax arrangements on property and personal income more progressive, while having regard for the tax rates in neighbouring jurisdictions.

58. The government has diversified its tax base by making changes to its taxes on assets, income and consumption. The government has steadily increased tax rates for residential property, including in the 2010, 2013, 2018 and 2022 budgets. It has increased the personal income tax rate of high income earners and increased taxes on luxury vehicles. Since the introduction of the Goods and Services Tax in 1994, the government has periodically increased the tax rate, including announcing a two-step increase in the 2022 Budget from 7% in 2022 to 9% by 2024. This increase is expected to raise 0.7% GDP of additional revenue in 2024. The increases in revenue from the tax measures over 2022-24 are intended for spending pressures in healthcare.

2.3.2. Broadening expenditure

59. Increases in government expenditure relative to GDP have been driven by increasing demand for government services, as the ageing population requires more health care, social support, and assistance to stay in the labour force longer. The increased expenditure has produced strong results on income growth, with the median income from resident households maintaining trend growth of around 3% per annum. The government has also had some success in mitigating inequality and social mobility, with the Gini coefficient, a proxy for inequality, falling steadily since its peak in 2012 (Department of Statistics, 2023^[4]). Budget initiatives to support Singaporeans have included:

- **Workfare Income Supplement**, which tops up the income and retirement savings of lower-wage workers to meet their day-to-day expenditure and strengthen retirement adequacy.
- **ComLink+**, which provides financial assistance to low-income families, including those who are renting housing that is subsidised by the Housing and Development Board (HDB).
- **SkillsFuture**, which retrains employees and provides options for life-long learning. The objective is to raise labour force participation and see people continue to work throughout their careers.

60. From a budget perspective, these initiatives share similar characteristics in that they focus on specific segments of the community, are means-tested, rely on some level of individual contribution, and have defined means of delivery. The initiatives involve multiple agencies and illustrate the government's focus on cross-agency initiatives in the budget.

2.4. Maintaining the sufficiency of defined contributions

61. In Singapore, the cost of retirement is increasing, as is the cost of healthcare and housing. Over time, the government has adopted a three-pronged approach to the financial contributions to the CPF member accounts:

- Providing targeted assistance for people on low income and/or in need of assistance.
- Topping up the CPF member accounts, based on changes to parameters such as longevity.
- Increasing the contribution rates by employers and employees for senior workers (e.g. aged 55 to 70) into their member accounts in the CPF.

62. The CPF Board, which is responsible for the administration of the member accounts, is also effectively the government's front office when responding to enquiries from citizens on eligibility for social programmes. Access to social programmes is available through means-testing based on earnings, housing, size of family and other relevant considerations. The approach relies upon well-defined policy specifications, a detailed articulation of benefits, and accurate information on the circumstances of each recipient.

63. The government has used the budget to top-up the member accounts on several occasions from increases in the longevity of Singaporeans and the increased cost of medical care, with top-ups across all CPF schemes totalling SGD 5 billion as of 2022. Beyond these discretionary top-ups, the government has implemented additional responses, for instance in 2008 it increased the returns for members on the first SGD 60 000 of balances and provided a higher guaranteed minimum return on the retirement and healthcare accounts. There are also funding programmes that are designed to improve the quality of life in retirement for cohorts of people who contributed to the development of the country at the time of independence.

64. In 2024, contribution rates for employees aged under 55 years totalled 37% of the individual's salary, comprising an employee contribution of 20% and an employer contribution of 17% per annum. Here, the employer is contributing 1%-point more than they were 10 years earlier. More sizeable increases have been needed for older employees aged 55-65 years, where employer and employee contributions were lower, and have increased 4.5 and 3.0 percentage points respectively. The increases in the contribution rates for older employees have helped to align rates across the total labour force.

65. In the case of housing, Singaporeans and permanent residents can use the component of their CPF contributions that is not ring-fenced for retirement or medical needs, to fund the cost of mortgage repayments. For the majority of first time buyers, the repayments service a concessionary loan from the HDB (Box 3).

Box 3. Public housing and the Housing and Development Board

The Housing and Development Board (HDB) is a statutory board under the Ministry of National Development. It is responsible for planning, constructing and selling public apartments and flats. In Singapore, flats usually refer to units with standardised designs and basic amenities, and apartments refer to units with additional amenities such as swimming pools, gyms.

Because of the limited space available in Singapore, eligibility to purchase the apartments and flats is determined by criteria that includes income ceilings and prioritising married people and families. The criteria also recognises family support mechanisms and increases the priority for families who seek to be located within 2 km of grandparents. More recently, it has also had to consider the increasing number of people living by themselves. In addition, since the early days of its establishment, the HDB has also used a ballot system to allocate some of its properties.

From a budget perspective, the HDB purchases land from the government with the proceeds going to past reserves. The HDB then builds apartments and flats, which it sells to Singaporeans and permanent residents. HDB structurally runs a deficit, which is funded by the government through the annual budget. The government assists Singaporeans and permanent residents with the cost of HDB housing through discounts, subsidised loans and housing grants to lower and middle-income homebuyers. The government also provides funding for the maintenance of flats, such as the Home Improvement Programme and the Neighbourhood Renewal Programme.

2.5. Responding to exceptional circumstances

66. The government's past reserves serve as a crisis fund for extraordinary and temporary circumstances. A high bar has to be met before these reserves can be drawn upon, as demonstrated by the two-key governance arrangements in the Constitution, and that approval has been granted to deal with only two crises in the history of the past reserves.

- In 2008, in response to the Global Financial Crisis, the President approved an SGD 150 billion guarantee on all bank deposits in Singapore to be backed by past reserves to help maintain confidence in the banking system. The guarantee lapsed in 2010 without being activated. In 2009, the President also approved drawing up to SGD 4.9 billion in 2009 from past reserves to support continued access to lines of credit and contribute temporarily to the wage bill of businesses to support employment and livelihoods. From a budgetary perspective, the approvals established an upper limit on the amount that could be drawn. The full amount was ultimately not required – only SGD 4.0 billion (82%) was drawn.
- In 2020, in response to COVID-19 and under three separate budgets titled Resilience, Solidarity and Fortitude, government expenditure was funded by up to SGD 52 billion from past reserves (Box 4). In 2021, SGD 11 billion and in 2022 SGD 6 billion were also approved as upper limits on the draws on past reserves. Access to the past reserves was able to stop within three years. The government did not need to use the full amount approved in each budget. In total, around SGD 40 billion was drawn on from past reserves to combat COVID-19.

67. History has shown that not all crisis events in Singapore have met the threshold to draw on past reserves, as illustrated by the 1997 Asian Financial Crisis and the 2003 outbreak of Severe Acute Respiratory Syndrome. Maintaining a high threshold on the criteria to access past reserves demonstrates the government's fiscal prudence and emphasis on maintaining an inter-generational asset.

Box 4. Budget responses to COVID-19

The first case of COVID-19 in Singapore was diagnosed on 23 January 2020 and the government responded with five budgets in that year to provide timely responses. The budget responses focused on four areas:

- **Health sector:** Funding for contact tracing and testing, isolation facilities, as well as medical supplies, including protective clothing and vaccines and therapeutics.
- **Businesses:** The Jobs Support Scheme provided support to businesses by co-funding a portion of wage costs. Initially, the scheme focused on the sectors most affected by COVID-19, e.g. aviation and tourism, and was expanded in scope and duration as the pandemic developed. Support to businesses included financing schemes and deferrals on the payment of assessed tax to support working capital and access to credit.

- **Workers and self-employed:** Employees and the self-employed were supported by the respective relief schemes that provided support for job / income loss.
- **Households and individuals:** The Care and Support Package used cash payouts and vouchers to support households, focusing in particular on low-income and vulnerable households.

As the pandemic ran its course, the government's assistance turned to supporting private investments, and retraining to support an economic recovery.

Many of the findings from the government's 2023 evaluation of its responses to COVID-19 were consistent with evaluations of COVID-19 responses in OECD countries. Aspects where the government responded well were the ability to vaccinate the Singapore population and to help mitigate negative effects from the disruptions to business and employment. Areas to build upon in preparation for future crises included:

- Adapting more quickly to the changing situation from each phase of the pandemic
- Strengthening structures and capacities for crisis planning and management
- Strengthening clear communication throughout the pandemic.

68. The government's budgetary measures in response to COVID-19 totalled around 20% of GDP in 2020, 2.3% of GDP in 2021 and 1.3% of GDP in 2022. The end of the pandemic gave way to other shocks to the Singaporean economy, specifically, higher energy prices, disruptions to supply chains, and a sharp increase to the cost of living. The government's responses to these shocks have included rebates on the cost of utilities, cash payouts, vouchers for groceries and daily expenses, with a focus on supporting low income and retiree households (Ministry of Finance, 2022^[5]).

69. The multiple sources of economic disruption complicate any precise measure of when responses to one crisis end and responses to the next begin. These multiple crises underscore the importance of building budgetary resilience to counter a range of possible eventualities, not just the risk of a future pandemic. Recognising this, the government recently announced that the support measures would need to taper and that it was not sustainable to support the impact of inflation on an ongoing basis.

3 Transparency and oversight

This section considers the arrangements that support the transparency and oversight of the government's budgets, specifically budget reports, the way the government communicates the budget, financial reporting, performance information, and citizen engagement. The section also considers the role of parliament in scrutinising and approving the budget, and the avenues for independent oversight.

The Ministry of Finance has taken steps to improve the quality of its budget reports; however, it does not systematically report line by line on expenditure programmes or on its medium-term fiscal outlook. That said, the Ministry has gained international recognition for communicating budget information well by using a multi-channel approach customised to key cohorts of the population.

The government's performance reporting and evaluation reviews focus on the outcomes and impacts of budget programmes relative to policy objectives. Supplementing that focus are periodic and nationwide consultations on Singapore's social compact, which have directly influenced the composition of the budget.

The government's audited financial statements are prepared on a cash basis, are submitted to parliament, and are publicly available. While a consolidated view of past reserves is not public, this is a long-held and market-accepted position.

The parliamentary process to approve the budget has core elements of scrutiny by committee and is passed by a majority vote in parliament as a whole before receiving the President's assent. The scrutiny over budget programmes is briefer than in OECD countries and in the absence of an independent view of the fiscal outlook. However, The Council of Presidential Advisers may provide independent advice to the President on the budget provisions in the Supply Bill.

3.1. Budget reports

70. The government's reporting on the budget comprises three core documents which are usually released in February each year:

- **Budget speech** is delivered by the Minister for Finance to the Parliament; it highlights the government's key initiatives in the budget and describes the fiscal strategy and how the government has complied with its fiscal objectives.
- **Budget Book**, which presents the revenue and expenditure estimates for the current and upcoming financial year, provides an explanation of ministries' programmes, including information on budget initiatives and performance measures.
- **Budget infographics**, which contain a suite of products, e.g. budget highlights, infographics and digital displays with key messages on budget initiatives and policy objectives.

71. Separately, the Ministry of Trade and Industry prepares economic survey reports on a quarterly and annual basis, as well as a mid-year economic review. These reports cover key economic measures, such as GDP growth, inflation, and labour market data. The reports and economic review refer to only the coming year, rather than the medium term found in OECD countries. However, the material is available for use within government to ensure the government complies with the fiscal rules when preparing the budget.

72. The government has fewer budget reports than most OECD countries, although the Ministry of Finance has worked to improve the quality of its reporting over time. For example, the analysis of revenue and expenditure contains additional sections with in-depth analysis on government expenditure. This was evident from a special feature on education spending across life stages, as well as the Ministry of Finance's 2023 report on the government's fiscal outlook (Ministry of Finance, 2023^[11]). The latter was notable for its inclusion of projections and was referred to by the Minister for Finance in his 2024 budget speech, elevating the paper from a technical note to a document that was central to informing Singaporeans about the government's views on the budget.

3.2. Effective budget communication

73. The budget reports do not represent the full extent of budget reporting as the Ministry of Finance also prepares material for online, multi-channel distribution to stakeholders. As of 2023, 99% of resident households in Singapore had access to internet and 97% owned smartphones (Infocomm Media Development Authority, 2023^[6]). Until 2020, all Singaporean households received a paper copy of the budget booklet, in effect a citizens' budget document, but due to very high levels of internet access, the Ministry of Finance now predominantly uses online communication.

74. In recognising that internet access is not a proxy for understanding the budget or fiscal issues, the Ministry of Finance has introduced several innovations to its budget communication strategy (Box 5). The innovations recognise that Singaporeans consume news through multiple digital channels across age groups. Budget communication is also prepared in Singapore's four official languages to increase the accessibility of the content.

75. Some budget announcements require their own communication initiatives, such as the Assurance Package, which provided financial support to Singaporeans in advance of the increases to the Goods and Services Tax taking effect in 2023 and 2024. Communication emphasised the fiscal impacts as well as information on the financial support available.

Box 5. Budget communication strategy

Singapore's budget communications strategy has five components: Overall messages, media engagement, stakeholders, digital, and data driven.

- **Overall messages:** Material on the budget's overall messages is provided through social media and traditional media sources in advance of the budget, on budget day and after the budget. There is a high reliance on infographics, budget booklets, and innovative material, include budget quizzes for tertiary students and the general public, and QR codes to access budget information.
- **Media engagement:** This involves holding budget background seminars for local and international media, including on multi-lingual media platforms.
- **Stakeholders:** This includes outreach to local community groups to show the support measures relevant to those groups.

- **Digital:** This involves real time posting and live streaming, including a quiz as well as explainer series on the budget.
- **Data driven:** A budget calculator provides estimates of budget support on LifeSG for information on government services and on the govbenefits.sg website.

The budget communications strategy includes channels for feedback post budget. An example of the feedback was that senior citizens required assistance to access and understand the government's budget information, including an explanation of the way budget initiatives would be implemented relative to their circumstances.

3.3. Performance and evaluation

76. The government prepares extensive performance information through the annual publication, the Revenue and Expenditure Estimates, which contains key performance indicators on the past performance of government ministries and departments as well as performance indicators for the coming financial year. In addition, statutory boards prepare annual reports, and the Singapore Public Sector Outcomes Reviews (SPORs) are conducted on a biennial basis.

77. Budget initiatives are subject to an *ex ante* appraisal, which informs whether the government will proceed with the initiatives, and generally undergo an *ex post* evaluation of the outcomes and impacts of the initiative. The Ministry of Finance provides guidance on the evaluation frameworks and recognises that such evaluations can be for cost effectiveness and process as well as for assessing outcomes and impacts.

78. In 2010, the Ministry of Finance commenced SPORs, a two-yearly initiative aimed at transforming the reporting of government outputs by assessing the progress on themes such as access to opportunities at each stage of life, and quality and sustainable living. The SPORs consider whole-of-government outcomes and are written for citizen and business audiences. The findings from SPORs can provide information on whether budget initiatives should continue to receive funding.

79. The SPORs are organised on a sectoral basis, including healthcare, education and transport, but has also covered other areas of spending, such as crisis management and environmental sustainability. Separately, the Ministry of Finance undertakes evaluations of large-scale expenditure, such as the impact of COVID-19 response. As with budget reports, the findings from the SPORs use infographics extensively to communicate key messages, and include references to relevant budget initiatives.

3.4. Financial reporting

80. The government prepares both its budget and financial reports on a cash basis. Statutory boards and government-owned companies, such as Temasek Holdings, prepare budgets and financial reports on an accrual basis. The Government accounting system is overseen by the Accountant-General's Department, which sits under the Ministry of Finance. The consolidated financial statements of government and GIC are audited by the Auditor-General's Office (AGO). AGO does not audit the financial statements of all statutory boards and government-owned companies. Commercial auditors complete the audits of statutory boards, and these statutory boards seek the Auditor-General's concurrence when appointing the commercial auditors.

81. The government views its past reserves as a strategic asset and does not disclose the full size of those past reserves, nor does it comment on third-party estimates of past reserves. However, the government does disclose most of the component parts of its assets and liabilities, and the proportion of income from investment returns that contributes to budget revenue. The government has held this stance

for many years, and it has not negatively affected its credit rating nor its ability to engage in financial markets.

82. In addition to preparing consolidated financial statements on a whole-of-government basis, statutory boards prepare annual reports that contain financial statements and an explanation of the budget programmes that were delivered during the previous year.

3.5. Citizen engagement

83. In Singapore, the relationship between government and citizens on social care and development is reflected through a social compact and is relevant to budgeting (Box 6). The government makes use of consultation processes when developing policy and on selected aspects of the budget prior to its approval, but consultations on the social compact are a uniquely Singaporean process.

84. Challenges such as an ageing population, a decline in social mobility, a decrease in the rate of productivity growth, and environmental degradation all risk eroding the social compact. The government's consultations with Singaporeans are intended to better understand the needs of the Singaporean people and the impact of the existing provision of government services. The government has conducted three nationwide consultations, the most recent being the 2022-2023 Forward Singapore initiative. The findings from the Forward Singapore consultation were evident in the government's design of the 2023 and 2024 budgets in areas such as child development, employment and retirement (Ministry of Finance, 2023^[7]).

85. The consultations on the social compact are also a way for the government to gauge Singaporeans' trust in government. The government recognises that if the social compact fails, the public's trust in government will fall (Prime Minister's Office, 2022^[8]). The government has received high scores when measuring the public's trust in government (Mathews, M, et. al., 2021^[9]). The findings from those reports are consistent with the OECD's research which shows that the public's trust in government is key to reinforcing democracy and improving the effectiveness of government (OECD, 2022^[10]).

Box 6. Social Compact in Singapore

The social compact expresses the relationship between the Singapore people, local communities, and the government. It dates back to the country's nation-building era in the 1960s and focuses on principles of self-reliance, shared responsibility, community support networks, and economic prosperity from employment and growth. The concept has evolved over time as has the economy and the social needs of the population, but the principles are evident in budget setting through the extensive use of co-payments and means-testing to access assistance. The social compact informs the design of government programmes, notably in the areas of education, employment, healthcare, retirement and social assistance.

3.6. Accountability and oversight

3.6.1. Parliament

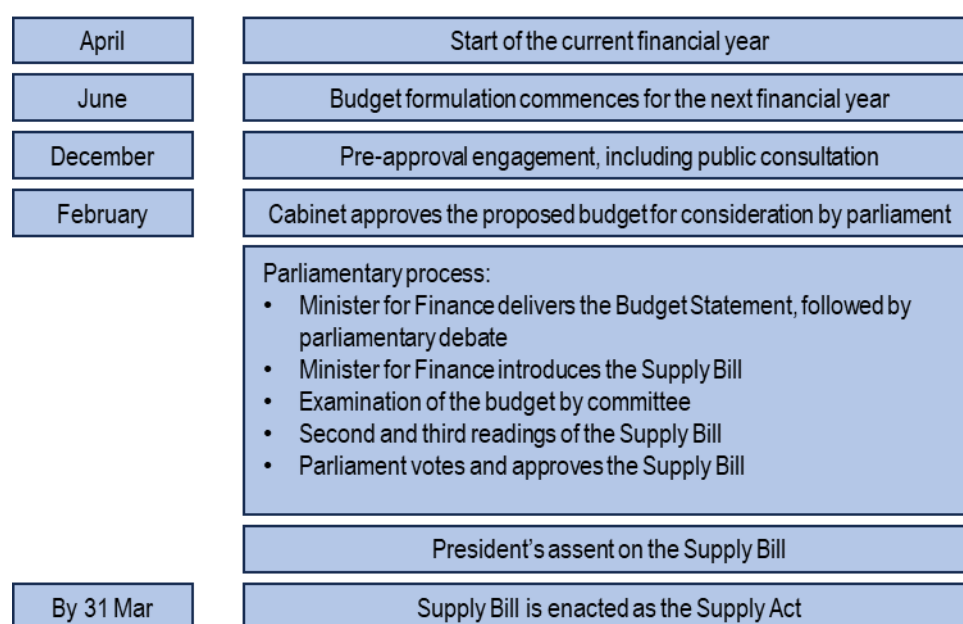
86. Singapore is a parliamentary democracy with a unicameral parliament. The government is formed following general elections, with parliament holding a five-year term. The current main political party, the People's Action Party, has held a majority in each general election since Singapore became an independent nation in 1965.

87. Parliamentary debate on the budget occurs over a 2-week period a week after the Budget Statement is delivered, which is brisk relative to OECD benchmarks. The Minister for Finance presents the Budget Statement in parliament, and accompanying the Budget Statement is the Budget Book which contains the Estimates of Expenditure on the proposed allocation of government resources.

88. The budget approval process is not automatic, but under a majority government, the budget (Supply Bill) follows an orderly passage through parliament. The influences of the Westminster system of parliament are evident in the process to approve the budget, from the first reading of the Supply Bill through to the third reading to pass the budget legislation. A variation on the Westminster system is a substantive speech by the Minister of Finance following the annual Budget Statement.

89. The government requires parliamentary approval through the Supply Act by 31 March each year before it can incur expenditure for the coming year. Figure 3 shows how parliament's role sits in the annual budget cycle.

Figure 3. Singapore's annual budget timetable



Source: Adapted from Ministry of Finance, Singapore.

90. Parliamentary committees consider the budget (Estimates Committee) and review the government's financial statements (Public Accounts Committee) following the end of each financial year. The reports prepared by each committee from its deliberations are publicly available. Of note is the Public Accounts Committee, as it benefits from the reports prepared by the AGO in addition to support from its

committee secretariat. While the Estimates Committee has a secretariat, it does not receive resources from an independent source on the government's fiscal outlook.

3.6.2. Independent audit

91. The AGO, led by the Auditor-General, conducts audits and reports to the President and parliament on the proper accounting and use of public resources. The Constitution requires the President to appoint the Auditor-General, on advice from the Prime Minister, who consults the Public Service Commission.

92. The AGO provides an *ex post* view on the government's proper use of financial resources. The scope of its work includes audits of financial statements, and audits for compliance, financial management and internal controls. The audit guidance issued by the AGO reflects the principles of a lean public service in that its audits may consider areas of "excess, extravagance and gross inefficiency" (Audit General's Office, 2018^[11]).

93. The Auditor-General prepares an annual report, known as the "Red Book", which presents the findings of the audits. The report is a key publication on the oversight of public finances and attracts media attention when it is released. It is submitted to the President who then tables it in parliament, and the report is publicly available on the AGO website.

94. The report's findings include recommendations on strengthening public financial management and focus on key major areas of expenditure. While the AGO does not report on the extent to which the government has responded to the recommendations in the report, on occasion, ministries issue statements to show how they have responded, as demonstrated in 2020 when the Ministry of Finance issued a statement that the government had accepted the AGO's recommendations. Statements on the government's reserves position are submitted directly by the Accountant-General's Department to the President. Under the Constitution, the Auditor-General has the duty to inform the President of any proposed transaction by government which is likely to draw on past reserves.

95. The government does not have an independent institution whose primary role is the oversight of fiscal policy and the budget outlook. However, the President may seek advice from the Council of Presidential Advisers on major fiscal and budgetary matters.

3.6.3. Elected Presidency and Presidency and Council of Presidential Advisers

96. The 1991 amendments to the Constitution changed the role of the President from a ceremonial position to an elected presidency with six-year terms and the addition of discretionary powers, including the two-key protection on past reserves. The amendments also established the Council of Presidential Advisers who serve six-year terms. In 2016, the number of people appointed to the Council increased from six to eight people. Appointments to the Council are made by the President, the Prime Minister, the Chief Justice, and the Public Service Commission through a series of prescribed appointment processes.

97. In some instances, the Constitution requires that the President consults the Council, while in other instances such consultation is at the discretion of the President. In the past, the President has consulted the Council on budgetary matters, including when the government proposed amending the definition of net investment returns, and when it proposed drawing on past reserves, e.g. during the 2008 Global Financial Crisis and the 2020-22 COVID-19 response. Although advice is only sought periodically and for matters that involve amending the Constitution or exercising the provisions within it, the existence of the Council demonstrates an avenue for independent advice to the President. The reports prepared by the Council are intended for the President and are not publicly available.

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