

**ANNEX E-1: INTERIM UPDATE ON FINANCIAL YEAR 2020**  
**(AS AT 17 AUGUST 2020)**

This document provides an interim update on the Government's latest budget estimates for FY2020.<sup>1</sup> In view of the unprecedented impact of COVID-19 on the Government's budgetary plans and forecasts, the Government provides these interim updates on its fiscal position, beyond the annual estimates of revenue and expenditure presented to Parliament before the start of the financial year. The current revised estimates account for the following:

- a. Lower revenue projections in view of the weaker economic outlook in FY2020;
- b. Savings from the underutilisation of expenditure voted in earlier budgets, arising mainly from disruptions brought about by COVID-19 to various activities and projects; and
- c. Additional expenditure for further COVID-19 support measures announced by the Government on 17 August 2020.

**(I) Expected Budget Outturn for FY2020**

The Revised Overall Budget Balance for FY2020 is projected to be a deficit of \$74.2 billion, a \$0.1 billion improvement from the \$74.3 billion deficit projected at the Fortitude Budget in May 2020.

The additional fiscal cost for further COVID-19 support measures outlined by the Government on 17 August 2020 totals \$8.0 billion. The Government plans to fully fund the additional \$8.0 billion by reallocating earlier planned expenditure from other areas, with no further draw on Past Reserves.

The Revised FY2020 fiscal position is summarised in Table 1.

**I-1. Operating Revenue**

Operating Revenue is projected to be \$63.7 billion. This is \$5.1 billion or 7.4% lower than the revised estimate presented at the Fortitude Budget, and \$12.3 billion or 16.1% lower than the initial estimate presented at Unity Budget in February 2020<sup>2</sup>. The decrease relative to the estimate as at the Fortitude Budget is mainly due to more subdued economic growth environment due to COVID-19 and lower economic activity during the Circuit Breaker period, leading to lower-than-expected revenues of \$4.1b, primarily from Goods and Services Tax, Betting Taxes, and Stamp Duty. It is further reduced by an estimated \$0.9b of additional Foreign Worker Levy waivers announced on 1 August 2020.

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<sup>1</sup> These estimates supersede the FY2020 estimates of revenue and expenditure published on 18 February 2020 (Unity Budget) 26 March 2020 (Resilience Budget), 6 April 2020 (Solidarity Budget), and 26 May 2020 (Fortitude Budget).

<sup>2</sup> The \$7.2 billion decrease between the Unity Budget and Fortitude Budget was mainly due to COVID-19 assistance measures to support our firms and in turn workers, such as the corporate income tax deferral, commercial and industrial property tax rebate, and rental relief.

## **I-2. Total Expenditure**

Total Expenditure is projected to be \$102.1 billion. This is \$8.4 billion or 7.6% lower than the revised estimate presented at Fortitude Budget.

Operating Expenditure is estimated to be \$85.4 billion, \$1.5 billion or 1.7% lower than the revised estimate presented at Fortitude Budget. The lower expenditure is mainly due to lower military expenditure arising from COVID-19 related delays in projects and cancellation/deferment of exercises, and lower manpower costs as there was no mid-year annual variable component for civil servants this year. The decreases are partially offset by additional expenditure for further COVID-19 support measures such as sector-specific support and measures to bolster social resilience and public health.

Development Expenditure is estimated to be \$16.7 billion, \$6.9 billion or 29.2% lower than the revised estimate presented at Fortitude Budget. This is mainly driven by delays in major construction projects arising from the Circuit Breaker and the need to ensure a safe re-opening of the construction sector thereafter.

## **I-3. Special Transfers**

Special Transfers including Top-ups to Endowment and Trust Funds are estimated to be \$54.5 billion, \$3.2 billion or 6.3% higher than the revised estimate presented at Fortitude Budget. The increase is mainly due to the extension of Jobs Support Scheme to cover wages up to March 2021.

## **I-4. Net Investment Returns Contribution (NIRC)**

Net Investment Returns Contribution is estimated to be \$18.6 billion.

**TABLE 1: REVISED FY2020 FISCAL POSITION**

	Estimated FY2020	Revised FY2020 (as at Fortitude Budget on 26 May 2020)	Revised FY2020 (as at 17 August 2020)	Change Over Revised FY2020
	\$billion	\$billion	\$billion	\$billion
<b>OPERATING REVENUE</b>	<b>76.0</b>	<b>68.8</b>	<b>63.7</b>	<b>(5.1)</b>
Less:				
<b>TOTAL EXPENDITURE</b>	<b>83.6</b>	<b>110.5</b>	<b>102.1</b>	<b>(8.4)</b>
<b>PRIMARY SURPLUS / DEFICIT<sup>1</sup></b>	<b>(7.6)</b>	<b>(41.7)</b>	<b>(38.4)</b>	
Less:				
<b>SPECIAL TRANSFERS<sup>2</sup></b>	<b>22.0</b>	<b>51.2</b>	<b>54.5</b>	<b>3.2</b>
Special Transfers Excluding Top-ups to Endowment and Trust Funds	4.7	33.9	37.1	
<b>BASIC SURPLUS / DEFICIT<sup>3</sup></b>	<b>(12.3)</b>	<b>(75.6)</b>	<b>(75.5)</b>	
Top-ups to Endowment and Trust Funds	17.3	17.3	17.3	
Add:				
<b>NET INVESTMENT RETURNS CONTRIBUTION</b>	<b>18.6</b>	<b>18.6</b>	<b>18.6</b>	<b>-</b>
<b>OVERALL BUDGET SURPLUS / DEFICIT</b>	<b>(10.9)</b>	<b>(74.3)</b>	<b>(74.2)</b>	

Note: Due to rounding, figures may not add up. Negative figures are shown in parentheses.

<sup>1</sup> Surplus / Deficit before Special Transfers (including Top-ups to Endowment and Trust Funds) and Net Investment Returns Contribution.

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

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