
First published in the *Government Gazette*, Electronic Edition, on 30 March 2022 at 6 pm.

No. S 241

FINANCIAL PROCEDURE ACT 1966

FINANCIAL (AMENDMENT) REGULATIONS 2022

In exercise of the powers conferred by section 24 of the Financial Procedure Act 1966, the Minister for Finance makes the following Regulations:

Citation and commencement

1. These Regulations are the Financial (Amendment) Regulations 2022 and come into operation on 31 March 2022.

Amendment of regulation 2

2. Regulation 2 of the Financial Regulations (Rg 1) is amended —

(a) by deleting the definition of “annual estimates” and substituting the following definition:

““annual estimates” means the annual estimates of revenue and expenditure of Singapore that are presented under Article 147(1) of the Constitution to Parliament and voted on;” and

(b) by deleting the definition of “supplementary estimates” and substituting the following definition:

““supplementary estimates” means the supplementary estimates of expenditure or statements of excess presented under Article 148(2) of the Constitution to Parliament and voted on.”.

Amendment of regulation 12

3. Regulation 12 of the Financial Regulations is amended —
- (a) by deleting the words “or Transfer Warrant” in paragraph (1) and substituting the words “, Transfer Warrant or Loan Account Warrant”; and
 - (b) by inserting, immediately after paragraph (6), the following paragraph:

“(7) A Loan Account Warrant is required for any issue from the Consolidated Loan Account of sums for payment into the Development Fund.”.

New Part X

4. The Financial Regulations are amended by inserting, immediately after regulation 29, the following Part:

“PART X

CAPITALISING NATIONALLY SIGNIFICANT
INFRASTRUCTURE EXPENDITURE

Division 1 — Interpretive provisions

Definitions for this Part

- 30.—(1) In this Part, unless the context otherwise requires —
- “approved infrastructure project” means an infrastructure project approved by the Minister in accordance with section 11 of the Significant Infrastructure Government Loan Act 2021;
 - “arrangement” includes a contract, an agreement or other arrangement of any kind, whether under a written law or otherwise;
 - “asset” means any qualifying capital expenditure relating to an infrastructure project and recognised as an asset in accordance with this Part;
 - “capitalise” means to recognise as an asset;

“carrying amount” is the amount at which an asset is recognised after deducting any accumulated depreciation and accumulated impairment losses;

“depreciation”, in relation to any asset, is the allocation of the depreciable amount of that asset over its useful life;

“impairment loss” means the amount by which the carrying amount of an asset exceeds its recoverable amount;

“infrastructure project” means a project involving any one or more of the following matters:

- (a) the construction or acquisition of any nationally significant infrastructure;
- (b) the building, installation or acquisition of any related facility of a nationally significant infrastructure;
- (c) the improvement, extension, enlargement or replacement of any nationally significant infrastructure or related facility of a nationally significant infrastructure where the improvement, extension, enlargement or replacement significantly —
 - (i) increases the capacity or reliability of the nationally significant infrastructure;
 - (ii) increases the useful life of the nationally significant infrastructure; or
 - (iii) reduces previously assessed operating costs of the nationally significant infrastructure,

such that the nationally significant infrastructure has or has left, or is reasonably expected to have or have left, a useful life of at least 50 years upon the completion of the infrastructure project, and includes a phase or stage of an infrastructure project if expressly planned for at the start of the infrastructure project;

“infrastructure project participant”, for any infrastructure project, means —

- (a) the department, ministry or Organ of State of the Government to which responsibility for carrying out the infrastructure project (or any part of the project) is assigned; or
- (b) a public authority carrying out the infrastructure project as an agent or otherwise on behalf of the department, ministry or Organ of State of the Government mentioned in paragraph (a);

“nationally significant infrastructure” has the meaning given by section 2 of the Significant Infrastructure Government Loan Act 2021;

“nationally significant infrastructure expenditure”, in relation to an infrastructure project, means any capital expenditure incurred by the Government, on or after 3 August 2021 —

- (a) wholly or substantially for the purpose of any infrastructure project participant of the infrastructure project carrying on the infrastructure project; or
- (b) in connection with —
 - (i) the acquisition of any right or interest in respect of the use of any invention, required in respect of or in connection with any matter in paragraph (a), (b) or (c) of the definition of “infrastructure project”;
 - (ii) any associated design, investigative and engineering studies, survey or research preparatory to the undertaking of any matter in paragraph (a) or paragraph (a), (b) or (c) of the definition of “infrastructure project”; or

(iii) any works directly attributable to bringing the nationally significant infrastructure and its related facilities to the location and condition necessary for the nationally significant infrastructure to operate for its intended purpose or purposes;

“past reserves of the Government” has the meaning given by Article 142(4) of the Constitution;

“recoverable amount”, for an asset, means the higher of the asset’s fair value less costs of its disposal and its value-in-use;

“reimbursement arrangement” means an arrangement —

(a) between the Government and an infrastructure project participant of an approved infrastructure project; and

(b) to the effect that the Government is liable to pay a grant to the infrastructure project participant to reimburse the infrastructure project participant for the whole or part of the cost and expenses incurred by the infrastructure project participant for carrying on the approved infrastructure project;

“related facility”, for any nationally significant infrastructure, has the meaning given by section 2 of the Significant Infrastructure Government Loan Act 2021;

“useful life”, for any thing, means the period worked out in accordance with regulation 37.

(2) In this Part, any reference to any nationally significant infrastructure expenditure incurred by the Government in relation to an approved infrastructure project includes a reference to any nationally significant infrastructure expenditure that is payment by the Government —

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- (a) to an infrastructure project participant of the approved infrastructure project;
 - (b) made under a reimbursement arrangement between the Government and the infrastructure project participant; and
 - (c) covering only qualifying capital expenditure incurred by the infrastructure project participant in relation to that approved infrastructure project.

(3) In this Part, nationally significant infrastructure expenditure is taken to be incurred by the Government in relation to an approved infrastructure project in the financial year that the resulting nationally significant infrastructure is first expected to be available and in a condition necessary for it to be ready for use for its intended purpose or purposes, when the liability to pay the cost arising in respect of the approved infrastructure project is recognised, regardless that the cost may be due and actually unpaid.

List of approved infrastructure projects

31. The Accountant-General must prepare and maintain a current list of approved infrastructure projects in relation to which nationally significant infrastructure expenditure is incurred by the Government on or after 3 August 2021 and capitalised under this Part.

Division 2 — Capitalising expenditure as asset

Capitalising expenditure relating to approved infrastructure projects

32.—(1) Only an item of nationally significant infrastructure expenditure that —

- (a) relates to an approved infrastructure project;
- (b) is incurred by the Government;

(c) is met from any sums which are borrowed under the Significant Infrastructure Government Loan Act 2021 and then paid into the Development Fund; and

(d) is worked out according to regulation 33,

may be capitalised as an asset under this Part in connection with the Estimates, any statement required in respect of every financial year by section 18(1) of the Act to be prepared at the end of that financial year and determining whether or not there is any draw on the past reserves of the Government.

(2) In this regulation, “Estimates” means the annual estimates and the supplementary estimates.

Recognition as an asset based on cost

33.—(1) An item of nationally significant infrastructure expenditure relating to an approved infrastructure project must be capitalised in the following financial year:

(a) subject to sub-paragraph (b), in a financial year when the Government makes payment —

(i) directly for the cost arising in respect of the approved infrastructure project; or

(ii) under a reimbursement arrangement for the cost arising in respect of the approved infrastructure project;

(b) in the financial year when the resulting nationally significant infrastructure is first expected to be available and in a condition necessary for it to be ready for use for its intended purpose or purposes, regardless of the date of actual payment of the cost mentioned in sub-paragraph (a).

(2) Without limiting paragraph (1), the cost in respect of an approved infrastructure project includes —

(a) the cost of acquiring any property (tangible or intangible), plant and equipment for the design, construction, extending or improving the nationally

significant infrastructure comprised in or resulting from the approved infrastructure project; and

- (b) the costs directly attributable to bringing the nationally significant infrastructure comprised in or resulting from the approved infrastructure project to the location and condition necessary for it to be capable of operating in the manner intended.

(3) However, where the cost for any matter mentioned in paragraph (2) is incurred together with other costs without a specific value being allocated to it, then so much of the overall cost as is reasonably practicable to be directly attributable to the matter may be treated as the cost for that matter.

(4) Despite paragraph (1), the cost incurred on any of the following must be disregarded for the purpose of this regulation:

- (a) the repair or maintenance of a nationally significant infrastructure or related facility of a nationally significant infrastructure;
- (b) the acquisition of land and of any right or interest in or over land, even if required in respect of or in connection with any matter in paragraph (a), (b) or (c) of the definition of “infrastructure project” in regulation 30(1);
- (c) the acquisition, repair or maintenance of any train, vehicle, aircraft, vessel or barge;
- (d) the remuneration, allowances, employee benefits or other like expenses payable to public officers and required by the Constitution to be met from the Consolidated Fund for the public services, even if arising directly from the construction or acquisition of a nationally significant infrastructure or related facility of a nationally significant infrastructure.

Recognition as an asset

34.—(1) An item of nationally significant infrastructure expenditure incurred by the Government may be capitalised

using estimated amounts but only where this can be measured reliably.

(2) An item of nationally significant infrastructure expenditure that is capitalised in a financial year in any circumstances described in paragraph (1) or regulation 33(1) —

(a) is subject only to depreciation, impairment loss and disposal; and

(b) must not be subsequently adjusted by an increase in any later financial year except on a reversal of impairment loss.

(3) To avoid doubt, paragraph (2) does not prevent any of the following adjustments so as to ensure a complete and accurate capitalisation in accordance with this Part:

(a) an adjustment in a financial year to any item of nationally significant infrastructure expenditure that is capitalised in the same financial year;

(b) a downward adjustment in a financial year to any item of nationally significant infrastructure expenditure that is capitalised in an earlier financial year.

Division 3 — Depreciation, impairment and useful life

Accounting for depreciation and impairment losses

35.—(1) The depreciation in respect of every infrastructure project that is or is connected to any nationally significant infrastructure must be accounted for in the relevant statement required to be prepared under section 18(1) of the Act.

(2) Where a nationally significant infrastructure is impaired, and there is a decline in the value of the nationally significant infrastructure for reasons other than depreciation before the end of its useful life, the impairment loss must be accounted for in the relevant statement required to be prepared under section 18(1) of the Act.

Depreciation

36.—(1) The depreciation in respect of an asset that is a nationally significant infrastructure is —

- (a) based on the useful life of the nationally significant infrastructure; and
- (b) calculated using a straight-line method which deducts, in each financial year, over the useful life of the nationally significant infrastructure, a defined amount of depreciation charge from the carrying amount for that asset.

(2) The depreciation in respect of an asset that is a related facility of a nationally significant infrastructure is —

- (a) based on the useful life of the related facility; and
- (b) calculated using a straight-line method which deducts, in each financial year, over the useful life of the related facility, a defined amount of depreciation charge from the carrying amount for that asset.

(3) The depreciation of an asset mentioned in paragraph (1) or (2) must begin when it is available for use and is in the condition necessary for it to be ready for use for its intended purpose or purposes.

(4) The depreciation of an asset mentioned in paragraph (1) or (2) does not end just because the asset becomes idle.

(5) The depreciation in respect of an asset that is a related facility of a nationally significant infrastructure must be separate from that of the nationally significant infrastructure.

Useful life

37.—(1) The useful life of any nationally significant infrastructure has to be worked out by estimating the period that the nationally significant infrastructure can be used by anyone for its intended purpose or purposes, being a purpose described in paragraph (b) of the definition of “nationally

significant infrastructure” in the Significant Infrastructure Government Loan Act 2021, that period starting no later than the time the nationally significant infrastructure is expected to be available and in a condition for use, for its intended purpose or purposes.

(2) The useful life of any related facility for any nationally significant infrastructure has to be worked out separately from that of the nationally significant infrastructure.

(3) In making that estimate under paragraph (1) or (2), the following assumptions must be made:

- (a) the nationally significant infrastructure or related facility (as the case may be) will be subject to wear and tear at a rate that is reasonable to expect having regard to the expected circumstances of its use;
- (b) the nationally significant infrastructure or related facility (as the case may be) will be maintained in reasonably good order and condition.

(4) However, any estimate under paragraph (1) or (2) of the useful life of —

- (a) any nationally significant infrastructure must not be less than 50 years and must not exceed 70 years; and
- (b) any related facility of a nationally significant infrastructure may be less than 50 years.

(5) It is the duty of the Accounting Officer of an infrastructure project participant of an infrastructure project that is ongoing on, or starts on or after, 3 August 2021, to estimate the useful life of any nationally significant infrastructure resulting from that project, and every related facility of the nationally significant infrastructure.

Impairment review and recognition

38.—(1) An asset mentioned in regulation 36(1) or (2) is impaired when its carrying amount exceeds its recoverable amount.

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- (2) An Accounting Officer must take steps —
- (a) to ascertain annually whether, at the end of each financial year, there is any indication that an asset mentioned in regulation 36(1) or (2) that is held by a department, ministry or Organ of State of the Government of which the Accounting Officer is in charge, may be impaired;
 - (b) upon a finding of impairment, to make a formal estimate of recoverable amount of the asset; and
 - (c) upon a finding of impairment, to report the impairment, and the formal estimate of the impairment loss to the Accountant-General by the end of the financial year concerned.
- (3) If any impairment of an asset mentioned in regulation 36(1) or (2) has occurred in a financial year, then as soon as practicable after the end of that financial year, the Accountant-General has to disclose in any statement required to be prepared in respect of that year for the purposes of section 18(2) of the Act the amount of impairment losses recognised during the financial year.

Division 4 — Disposal

De-recognising asset upon its disposal

39. When an asset mentioned in regulation 36(1) or (2) is disposed of or no future benefits or services may be expected from its use or disposal, the carrying amount must be reduced to zero.”.

*[G.N. Nos. S 398/99; S 225/2003; S 71/2013; S 286/2014;
S 678/2017; S 239/2019; S 167/2021]*

Made on 29 March 2022.

TAN CHING YEE
*Permanent Secretary,
Ministry of Finance,
Singapore.*

[E001.009.0001; AG/LEGIS/SL/109/2020/1 Vol. 1]

(To be presented to Parliament under section 24(2) of the Financial Procedure Act 1966).