ABSTRACT

This dissertation attempts to assess the financial performance of town councils by examining their income and expenditure patterns. This is the first comprehensive attempt undertaken to examine the financial health of town councils in Singapore.

The findings from the analysis also show that the average increase in income of 6.5% each year lagged behind the average increase in expenditure of 8% during the five-year period from 1991 to 1996.

Detailed investigations of the income patterns of town councils reveal a strong dependency on government grants as a source of income. There is a case for town councils to increase their income through other means besides the main source from services and conservancy charges.

Useful information is obtained concerning the cost efficiencies and effectiveness of town councils through the examination of the expenditure data. The analysis reveals the spending patterns of town councils during the period of investigation. It highlighted the different strategies adopted by the PAP and opposition town councils. It was found that opposition town councils tended to defer repairs until just before the General Elections in order to gain political mileage.

Town councils are required to set aside a certain sum of the revenue for sinking fund for carrying out future cyclical works. The study highlights the need to constantly review the sinking fund in view of rising costs. The consequence of an insufficiency of such fund is either to defer the replacement and repairs of major works or to levy a one-time charge for such works.

On the basis of the latest available financial statements for the year 1995/96, this investigation concludes that Holland and Cheng San Town Councils have performed well in terms of financial performance. This is attributed to the adoption of a prudent financial management policy.

Keywords
town council
income
expenditure
sinking fund
grants
financial performance