CHANGES IN PUBLIC POLICIES

Healthcare & Retirement

MediShield Life
MediShield Life (MSL) is a scheme designed to provide a more comprehensive and universal insurance scheme to healthcare for all Singaporean Citizens and permanent residents than the existing Medishield system. In January 2015, the MSL bill was passed unanimously by the Singapore Parliament. (Fang, 2015)

The MSL expands on the previous plan in the following ways: removes the age cap of 92; extends it from birth; eliminates the $300,000 lifetime cap on benefits; and raises the yearly claims limit by $30,000 to $100,000. In addition, MediShield Life will also cover individuals with pre-existing conditions, with the caveat that they may be subject to increased premiums, although the list of pre-existing conditions that this applies to is yet to be finalised. (Ministry of Health, 2015)

MSL also lowers the cost of co-insurance payments. The deductible remains unchanged at $1,500 for class C wards and $2,000 for class B2 wards. It automatically replaces the existing MediShield portion of Private Integrated Shield plans, providing additional coverage if, for example, a planholder wishes to stay in a class B1 or class A ward.

The changes result in higher premiums. To address this, the government is providing transitional subsidies that will taper off from 90% in the first year, to 20% in the fourth and final year. Further subsidies will be available after the four year transition period to help those on the lower end of the income scale to afford coverage. Assurances were also made that low income citizens who were unable to pay their premiums would not lose coverage, although there is a warning of punishment for those who wilfully choose to default.

The parliamentary debate on MSL focused on the long term fiscal sustainability of it and whether particular groups such as those with government pensions would face less coverage. There was also a concern over whether it meant that authorities would be able to access to individuals medical and income history to assess premiums and subsidies. Individuals could opt out of giving up that information, but at the risk of an increased premium, as authorities would face difficulty assessing an individual's risk. Withdrawal from the scheme as a whole is not an option. (TOC, 2015)

Changes to CPF LIFE
In February, the Central Provident Fund Advisory Panel released its initial report, suggesting reforms to CPF LIFE. The recommendations were accepted by the Ministry of Manpower almost immediately. The advisory panel is headed by Professor Tan Chorh Chuan,
President of the National University of Singapore; and includes representatives from academia, unions, the social sector and grassroots. It was appointed by the Manpower Ministry in September 2014.

The Panel recommended a comprehensive suite of changes meant to address issues of clarity, flexibility, and adequacy in the CPF scheme. Notably the Minimum Sum was renamed the “Retirement Sum” (Ministry of Manpower, 2015), to clarify its purpose to CPF members.

The two tiers of the former Minimum Sum remained largely unchanged in practice. The lower tier still required a CPF member to own their property and pledge it towards his or her retirement, resulting in a halving of the Retirement Sum, allowing the member to take out more cash from his or her CPF accounts when they reached withdrawal age, but with a decreased monthly pay out from the CPF LIFE scheme.

Added to this was the third option of an Enhanced Retirement Sum. This allows CPF members to double the amount of money they can contribute to their accounts and increasing the monthly payouts from CPF Life.

The system was also reformed to allow those with the lowest savings to benefit from higher interest rates, so the interest return to the first $30,000 would attract a higher 6% rate, the next $30,000, 5% and from $60,000 and above, 4%. (Ministry of Manpower, 2015).

CPF members will also be able to withdraw up to a lump sum of 20% of their Retirement Account savings in cash at age 65 which was a modification from the existing limit of $5,000 at age 55 regardless of whether they meet the Minimum Sum. The change addressed concerns about financial flexibility when CPF members retire.

Another change is that the CPF income ceiling is raised from $5,000 up to $6000, increasing the employer contribution for members above the age of 55 by up to 1%, which would help CPF members have sufficient saving for retirement and fund the MSL premiums.

The changes were generally welcomed, but commentators noted that they only addressed part of the broader questions surrounding retirement adequacy in Singapore. Associate Dean of the Lee Kuan Yew School of Public Policy Donald Low described the changes as “important enhancements”, but noted that the manner in which the changes were implemented and explained to the public at large had to be done carefully. (Low, 2015)

Budget 2015

Budget and Fiscal Sustainability
To pay for several rounds of increased social spending, the Deputy Prime Minister (DPM) and Minister of Finance Tharman Shanmugaratnam increased taxes by between 1 and 2% for the income brackets earning more than $160,000 a year with the top rate applied to those earning $320,000 or more raised from 20% to 22%.

He also incorporated returns generated by Temasek Holdings into the Net Investment Returns framework to provide the government with the additional fiscal resources to make investments in health care, human capital, and transport infrastructure in the coming years. The net investment returns framework allows the government to spend up to 50% of Temasek Holdings' long-term expected real returns. When the framework was introduced in 2008 Temasek had initially been excluded. (Shanmugaratnam, 2015)

This led to concern by some members of Parliament if this signalled the start of the move away from prudent budgetary spending. DPM said that the government aimed to remain true
“to the values of fiscal conservatism” and not burden on future generations because of the present’s social spending. (CNA, 2015)

While the changes were accepted in Parliament, there was divided opinion on what this meant for Singapore’s fiscal future. Nominated Member of Parliament (NMP) Chia Yong Yong warned against the potential consequences of excessive social spending, saying that “I would also argue that if we lean too much to the left, we will not have much left” (Liang, 2015).

In contrast, after the budget debate, former GIC chief economist and public intellectual Yeoh Lam Keong said on social media that while he generally approved of the social spending changes made, an opportunity had been missed, commenting that if the top rate of tax had been increased by a further 3% to 25%, it might have raised enough money to eliminate the worst for the working poor by raising the Workfare supplement without significantly compromising the allure of low tax rates in Singapore. (Yeoh, 2015)

Silver Support scheme
The Finance Minister also gave details of the Silver Support scheme, a program designed to help the poorest 20 to 30% of elderly Singaporeans by giving them a quarterly cash supplement of $300-$750 from the age of 65 onwards, for life. The scheme was initially proposed at the 2014 National Day Rally by the Prime Minister. It was passed on 16 August 2015 by Parliament. It will go into effect in the first quarter 2016, and enrolment in the scheme will take place automatically. Additionally a GST Voucher Seniors’ Bonus will be provided in 2015. (Shanmugaratnam, 2015)

During the debate in Parliament, Members of Parliament spoke about the need for flexibility in assessing eligibility for the scheme, noting that there was a potential that seniors who appeared to be adequately prepared for old age were actually living in poverty. The choice to make the payout quarterly instead of monthly, as well as the quantum being provided, were issues that were also raised. (Lee A., 2015)

Law and Order

The Liquor Control Act
The Liquor Control Act was passed in Parliament at the end of January 2015 and came into effect on the 1 April 2015. It prohibits the consumption of alcohol in public after 10.30pm. Individuals found contravening these laws could face fines of up to $2,000 and jail. Two “liquor control zones” were also established, one around Little India and another around parts of Geylang. Individuals found to be in contravention of the alcohol ban in these special zones would face increased penalties. The police were given significant powers to enforce the ban, including discretionary strip searches. (Lim Y. H., 2015)

The Government had begun its review of liquor control measures in September 2012. After several rounds of public consultation, the proposed laws were tabled in Parliament on Jan 19 (Chin, 2015). Second Home Affairs Minister S Iswaran spoke in Parliament about the numerous occasions of alcohol law breaking that had occurred in recent times as another part of the motivation behind the law.

The bill was passed with the support of all but one Parliamentarian, NCMP Lina Chiam. Ms Chiam criticised the bill as “legislative overkill” (Chiam, 2015); a critique that was reflected by commentary on online media. Arffin Sha, writing for The Online Citizen, was one such example, and he questioned if the government was being overly paternalistic, in addition to asking if the public consultation was truly representative to list but a few of his concerns (Sha, 2015). Amongst the MPs who eventually voted for the law, several spoke about whether the law needed to be as stringent as it was.
Housing

**Housing Matters and Property Price Cooling Measures**

Measures implemented in June 2013 to moderate the rise of property prices, such as the Total Debt Servicing Ratio (TSDR), were left unchanged. Monetary Authority of Singapore Managing Director Ravi Menon said that, in the context of the price rises that prompted the cooling measures, property prices had not softened by much (Lee M., 2015).

This sentiment was echoed by cabinet ministers such as Law and Foreign Affairs Minister K Shanmugam and National Development Minister Khaw Boon Wan. The latter said the aim of continuing the cooling measures was to prevent a market crash, hoping to provide a “soft landing” for the housing market. Mr Shanmugam told real estate investors to not expect the removal of cooling measures after a General Election. (Poh, 2015)

Several MPs suggested that there was a danger of over-correcting the housing market. MP for West Coast GRC Foo Mee Har warned that the downward price trend of the housing markets could reach an unintended pace, especially in light of new housing supply that had yet to reach the market. (Meixian, 2015)

Meanwhile the HDB’s efforts to ensure first-timers could access public housing continued with significantly more units being built to clear the Build-To-Order (BTO) flat waiting-list. According to the Department of Statistics, the number of residential flats constructed in 2014 was over 27,000, a marked increase from the 6,500 flats constructed in 2009. The combination of the increased supply of housing units and the cooling measures have seen the Resale Price Index of HDB flats return to levels last seen at the end of 2010 or the beginning of 2011. (HDB, 2015)

At the 2015 National Day Rally, Prime Minister Lee Hsien Loong announced additional measures to help Singaporeans especially the poor purchase their homes, such as the new Fresh Start Housing Scheme, will give second-time HDB flat buyers currently living in rental units assistance to buy two-room flats, by offering them flats with shorter leases and stricter resale conditions.

A new Proximity Housing Grant was announced that would help multi-generational families who wish to live close to each other. The income ceiling to purchase new BTO flats was also raised from $10,000 to $12,000; and from $12,000 to $14,000 for those looking to purchase an Executive Condominium. The household income ceiling for the Special CPF Housing Grant would also be raised so that two thirds of Singaporean households will qualify, and the maximum grant amount is to be doubled to $40,000. (CNA, 2015)

Education

**SkillsFuture**

DPM Tharman Shanmugaratnam said in his Budget Statement that “SkillsFuture” marked a major new phase of investment in Singaporeans, throughout their lives. The Government plans to support continuous engagements in learning and provide enhanced subsidies for courses, as well as special support through SkillsFuture Study Awards, and SkillsFuture Fellowships for those pursuing mastery in their fields. There will also be a lifelong SkillsFuture Credit which every Singaporean will receive to help pay for courses of their choice, with the initial credit being $500. (TODAY, 2015)

The aim of SkillsFuture is to prepare Singaporeans for the future of work at all ages, starting from schooling years, with enhanced internships or ITE and Polytechnic students, to the aforementioned SkillsFuture credits and study awards; but to name a few. (Shanmugaratnam, 2015)
SkillsFuture is a programme aimed at encouraging employers to invest in their employees, and without their co-operation, employees might not be able to make the most of the program. More details as to the workings of the program will be released in the first half of 2016. (Saad, 2015)

Immigration

Immigration Measures
Immigration continues to be a topic of great concern for Singaporeans, but opinion continues to be split between those who think that the number of incoming foreign workers is still too high despite the government restricting inflows and business owners remain concerned about a tightening labour market. (Chang, 2015)

In the 2015 Budget, the government announced that they would slow the pace of foreign worker tightening, deferring hikes for levies of S-Pass and work permit holders until 2017 (Teh, 2015). These measures were not be seen as a change of direction, but rather as an adjustment of pace.

The government continued to reiterate its stance that the question of immigration was one of balancing competing needs, and that Singapore needed to remain open to international workers in order to be competitive in a global economy.

Governance and Town Councils

Aljunied-Hougang-Punggol East Town Council
DPM Tharman Shanmugaratnam, in February 2014, directed the Auditor-General's Office (AGO) to audit the accounts of the Aljunied-Hougang-Punggol East Town Council (Lim L., 2014).

The AGO released its report on the 9 February 2015; and it cited five major lapses. The failure to transfer monies into the sinking fund bank accounts as required by the Town Councils Financial Rules; inadequate oversight of related party transactions involving ownership interests of key officers, hence risking the integrity of such payments; not having a system to monitor arrears of conservancy and service charges accurately and hence the inability to ensure that arrears are properly managed; poor internal controls, hence risking the loss of valuables, unnecessary expenditure as well as wrong payments for goods and services; and, no proper system to ensure that documents were safeguarded and proper accounts and records were kept as required by the Town Councils Act. (Auditor-General's Office, 2015)

The report was debated in Parliament on 12 February 2015. MPs for Aljunied GRC and Hougang SMC refuted charges of misconduct. MP Sylvia Lim stated that the town council’s managing agent, FM Solutions and Services (FMSS), did not have the power to award itself contracts, and that tenders called by AHPETC are awarded by a tender and contracts committee consisting of MPs and appointed councillors.

She added that overcharging for services by FMSS had not been intentional as the cost of services had been pegged to what the previous managing agent had charged the town council when it was in PAP hands.

In addition, Ms Lim cited problems that arose when the Workers’ Party took control of the town council, noting that the incumbent service provider had pulled out of its agreement, leaving the incoming town council with a significant amount of work related precisely to managing its accounts (MyPaper, 2015).
MP Pritam Singh reiterated that the evaluation of tenders were done by only elected and appointed members of the Town Council (Othman, 2015). MP Low Thia Khiang also stated that during the bidding process for work to be done within the town council there were no willing takers during the open bid process, leaving him with little choice (Tham, 2015).

MPs from the governing People’s Action Party and the front bench disputed these explanations, questioning the sincerity of statements by the Workers’ Party MPs.

The session ended with a motion on the AGO report, endorsing the report’s findings and calling for a stiffening of the law regulating town councils. The motion was passed by the whole House. The town council was given a June 30 deadline to submit its 2013 accounts, which are late. It was also asked to submit its 2014 accounts by Aug 31. (Tham, 2015)

In May 2015, the Ministry of National Development (MND) followed up by filing a court application to appoint independent accountants to oversee Government grants to AHPETC. The High Court dismissed the application, with Justice Quentin Loh saying the ministry had not established legal bases to do so, and that only the Housing and Development Board (HDB) and residents could take action against the town council if they wished to. He added however that there were “grave and serious questions that have been raised regarding the state of AHPETC’s accounts,” and that AHPETC had: ignored their duties and obligations”.

The MND was withholding about S$14 million in grants, hampering AHPETC’s ability to pay into its sinking funds, and as a result had missed some payments. The AHPETC also disputed the MND’s choice of court appointed auditor, saying that as the firm, PricewaterhouseCoopers (PwC) was part of the initial AGO audit, there were concerns about possible bias. (CNA, 2015)

The MND chose to appeal the court’s decision, but as of the end of August, the case has not been resolved. In the meantime, AHPETC has submitted its FY2014/15 financial statements.
References


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