

# **National Research Fund Bill**

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**Bill No. 10/2006.**

*Read the first time on 27th February 2006.*

## **THE NATIONAL RESEARCH FUND ACT 2006**

**(No.     of 2006)**

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A BILL

*i n t i t u l e d*

An Act to establish a National Research Fund and to provide for its proper administration, and to make consequential amendments to the Agency for Science, Technology and Research Act (Chapter 5A of the 2002 Revised Edition) and the Standards, Productivity and Innovation Board Act (Chapter 303A of the 2002 Revised Edition).

Be it enacted by the President with the advice and consent of the Parliament of Singapore, as follows:

## PART I

## PRELIMINARY

**Short title and commencement**

5     **1.** This Act may be cited as the National Research Fund Act 2006 and shall come into operation on such date as the Minister may, by notification in the *Gazette*, appoint.

**Interpretation**

**2.** In this Act, unless the context otherwise requires —

10     “Board” means the National Research Foundation Board established under section 9;

“Council” means the Research, Innovation and Enterprise Council established under section 10;

“Fund” means the National Research Fund established under section 4;

15     “invest” includes entering into a transaction or an arrangement for the protection of investments;

“knowledge” means any knowledge or other information, whether or not the possessor of the knowledge or information has any legally enforceable rights in relation to it;

20     “property” means any legal or equitable estate or interest (whether present or future and whether vested or contingent) in real or personal property of any description;

“public authority” means any board or authority established by or under any written law to perform or discharge any public function;

25     “securities” includes shares, inscribed stock, debentures, bonds, debenture stock, notes or any other document creating evidencing or acknowledging indebtedness.

**Meaning of “research and development activities”**

**3.—(1)** In this Act, “research and development activities” means —

- (a) systematic, investigative or experimental activities that involve innovation and are carried on either wholly or partly within Singapore for the purpose of —
- (i) increasing or acquiring new knowledge (whether or not that knowledge will have specific practical application); or
  - (ii) creating new or improved materials, products, devices, processes or services; or
- (b) other activities that are carried on either wholly or partly within Singapore for a purpose related to the carrying on of activities of the kind referred to in paragraph (a) or incidental or conducive to the attainment or furtherance of the purposes referred to in that paragraph, including —
- (i) scientific and technical information services (such as data collection) to support activities of the kind referred to in paragraph (a);
  - (ii) building expenditure incurred in the acquisition or construction of a building, or of an extension, alteration or improvement to, or of maintenance of a building used or to be used for in activities of the kind referred to in paragraph (a);
  - (iii) training and management of manpower for activities of the kind referred to in paragraph (a);
  - (iv) feasibility studies with a view to establishing the strategic direction of any specific research and development activity; and
  - (v) any other work or services (including patenting, licensing and other activities) necessary to support activities of the kind referred to in paragraph (a).

(2) For the purposes of this section, the following activities shall not be taken to be systematic, investigative and experimental activities:

- (a) market research, market testing or market development, and sale promotion (including consumer survey);
- (b) testing and standardisation;
- (c) prospecting, exploring or drilling for minerals, petroleum or natural gas for the purpose of discovering deposits, determining

more precisely the location of deposits or determining the size or quality of deposits;

- (d) the making of cosmetic modifications or stylistic changes to products, processes or production methods;
- 5 (e) pre-production activities such as demonstration of commercial viability, tooling-up and trial runs;
- (f) routine collection of information, except as part of the research and development process;
- (g) preparation for teaching;
- 10 (h) routine software development;
- (i) legal and administrative aspects of patenting, licensing and other activities, unless referred to in subsection (1)(b)(v);
- (j) activities associated with complying with statutory requirements or standards;
- 15 (k) any activity related to the reproduction of a commercial product or process by a physical examination of an existing system or plan, blueprints, detailed specifications or publicly available information.

## PART II

### 20 NATIONAL RESEARCH FUND

#### **Establishment of National Research Fund**

**4.**—(1) There shall be established a fund to be called the National Research Fund which shall be held, managed and administered as a Government fund.

- 25 (2) There shall be paid into the Fund —
  - (a) all moneys from time to time appropriated from the Consolidated Fund and authorised to be paid into the Fund by this Act or any other written law;
  - (b) all other revenues of Singapore allocated by any written law to
  - 30 the Fund;

- (c) all gifts and donations paid by any person or organisation to the Government for the purposes of the Fund generally;
- (d) amounts received by the Board or Government —
- 5 (i) from the sale of any property paid for with money from the Fund;
- (ii) from the sale of any property produced, or from dealing with patents or other intellectual property rights in respect of inventions made, in the course of any research and development activity paid for with money from the Fund; or
- 10 (iii) in respect of any work paid for with money from the Fund;
- (e) all investments out of moneys in the Fund authorised to be made by this Act or any other written law and the proceeds of any such investment, including the net income from such investments; and
- (f) all sums received by way of repayment of any loan or advance
- 15 from the Fund and any interest from any such loan or advance.

(3) The Fund shall be regarded as comprising public moneys for the purposes of any other written law.

(4) For the purposes of subsection (2)(e), the net income from investments shall be the amount ascertained by adding to, or deducting from, the income received from investments of moneys in the Fund any profit derived or loss sustained, as the case may be, from the realisation of such investments.

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### **Purposes of Fund**

5 **5.**—(1) The object of the Fund is to make provision for the funding and administration of research and development activities with a view to —

- (a) encouraging the development in Singapore of innovative products, processes and services;
- (b) increasing investment by the public and private sectors in Singapore in research and development activities that will make
- 30 Singapore more internationally competitive;
- (c) promoting the technological advancement of the public and private sectors in Singapore through a focus on innovation; and
- (d) creating an environment that is conducive to increase commercialisation of new processes and product technologies.

(2) The moneys in the Fund may be withdrawn and applied for all or any of the following purposes only:

- 5 (a) to provide financial assistance (including loans and scholarships) to any public authority, enterprise, educational institution or other person (whether in Singapore or elsewhere) undertaking or facilitating research and development activities;
- 10 (b) to promote or assist (financially or otherwise) any enterprise engaged in the exploitation of research and development activities undertaken by any public authority, enterprise, educational institution or other person (whether in Singapore or elsewhere), where such an enterprise, in the opinion of the Board, is profitable and efficient or capable of becoming profitable and efficient and has reasonable prospects for profitability, development, expansion, growth or providing viable employment;
- 15 (c) the payment of remuneration or allowances payable to persons (other than public officers) engaged to advise the Board or Council in the performance of their respective functions under this Act;
- 20 (d) the payment of other expenses incurred by the Board or Council in the performance of their respective functions under this Act, including any remuneration or allowances payable to the members of the Board or Council who are not public officers;
- (e) the payment of expenses referred to in section 6.
- 25 (3) The moneys in the Fund may also be invested in —
  - (a) any investment authorised under section 7 of the Financial Procedure Act (Cap. 109); and
  - (b) such other investments as the Board thinks fit, not being any stock, bond, fund or security issued by the Government.

### 30 **Expenses**

**6.** All expenses incidental to or arising from the administration, investment and management of moneys in the Fund shall be charged upon and payable out of the Fund.

### **Withdrawals**

7.—(1) No moneys shall be withdrawn from the Fund unless they are charged upon the Fund or are authorised to be withdrawn or transferred under this Act.

5 (2) No payment shall be made out of the Fund unless the payment is authorised by the Board.

## **PART III**

### **ADMINISTRATION OF FUND**

#### **Responsibility for Fund**

10 **8.** The Fund shall, subject to the direction of the Council, be managed and administered by the Board.

#### **National Research Foundation Board**

15 **9.**—(1) There shall be a body to be called the National Research Foundation Board comprising such number of members as the Minister thinks fit.

(2) The members of the Board shall each be appointed by the Minister and shall hold office for such period (not exceeding 3 years) as the Minister may in any case determine.

20 (3) Subject to subsection (4), the functions and duties of the Board shall be —

- 25 (a) to co-ordinate research and development activities undertaken or promoted by the Government, public authorities whose objects are similar to the object of the Fund, enterprises, educational institutions or other persons in Singapore, and to facilitate co-operation, communication, collaboration and exchange of ideas and knowledge between them;
- (b) to investigate and evaluate the requirement for funding any research and development activity generally or specifically;
- 30 (c) to develop policies and plans for research and development activities in Singapore in the national interest;
- (d) to approve the payment of money from the Fund;

- (e) to advise the Minister on any matter relating to the management and administration of the Fund that the Board considers appropriate or that is referred to the Board by the Minister;
- 5 (f) to submit to the Minister for approval, not later than 30 days before the end of each financial year of the Fund, a budget for the Fund in respect of the financial year next following in relation to that Fund;
- 10 (g) to submit to the Minister an annual report respecting the Fund not later than 30 days after the end of each financial year in relation to that Fund; and
- (h) to exercise such other powers and perform such other duties and functions with respect to the management, operation and administration of the Fund as may be prescribed.
- 15 (4) The Board shall, in the exercise of its powers and the performance of its functions and duties under this Act, comply with such directives as may from time to time be issued by the Council.

### **Research, Innovation and Enterprise Council**

20 **10.** There shall be a body known as the Research, Innovation and Enterprise Council comprising such persons from the private sector and public sector as the Minister thinks fit, and whose functions shall be —

- (a) to provide advice and guidance to the Government in the formulation of its policies and laws on all types of research and development activities and innovation in Singapore; and
- 25 (b) to lead in the promotion of all aspects of research and development activities and innovation in Singapore, by identifying and promoting activities and programmes that will make Singapore more internationally competitive and alerting the public and private sectors to any new business opportunities that arise from the exploitation of results of any research and
- 30 development activities or innovation.

### **Accounts to be kept**

**11.—**(1) The Board shall —

- (a) cause to be kept proper accounts and records of all transactions and affairs relating to the Fund;

(b) do all things necessary to ensure that payments out of the Fund are correctly made and properly authorised; and

(c) ensure that adequate control is maintained over the assets and receipts of the Fund.

5 (2) The Board shall appoint a public officer to be an accounting officer of the Fund with responsibility for keeping proper accounts and records in relation thereto, and preparing and signing a statement of the Fund's accounts in respect of each financial year.

### **Financial statements and audit reports**

10 **12.**—(1) The Board shall, as soon as practicable after the close of the financial year of the Fund, cause to be prepared and submitted to the Auditor-General the financial statements and accounts for the Fund relating to that financial year, and the Auditor-General shall then audit or cause an audit of the statements and accounts and report on them.

15 (2) The financial year of the Fund shall be a period of 12 months ending on 31st March in any year, except that the first financial year of the Fund shall begin on the date of commencement of this Act and end on 31st March of the succeeding year.

(3) The remuneration of the auditor shall be paid out of the Fund.

20 (4) As soon as the accounts of the Fund and the financial statements have been audited in accordance with this Act, a copy of the audited financial statements, together with a copy of any report made by the auditor, shall be submitted to the Board.

25 (5) Where the Auditor-General is not the auditor of the Fund, a copy of the audited financial statements and any report made by the auditor shall be forwarded to the Auditor-General at the same time they are submitted to the Board.

30 (6) The Minister shall as soon as practicable cause a copy of the audited financial statements of the Fund and the auditor's report to be presented to Parliament.

### **Application of Financial Procedure Act**

**13.** The Financial Procedure Act (Cap. 109) shall apply to the Fund to the extent that it is not inconsistent with any of the provisions of this Act.

## PART IV

## MISCELLANEOUS

**Persons not to reveal trade secrets, etc.**

5       **14.**—(1) If a person exercising any function under this Act obtains protected information about the affairs of another person, he shall not disclose that protected information to any other person unless the disclosure —

- (a) is made with the written consent of the person to whom the information relates;
- 10       (b) is for the purpose of the administration or enforcement of this Act; or
- (c) is in compliance with the requirement of any court, tribunal, authority or person having lawful authority to require the production of documents or the answering of questions.

15       (2) If any person acts in contravention of subsection (1), he shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$5,000 or to imprisonment for a term not exceeding 2 years or to both.

20       (3) For the purpose of this section, the reference to a person disclosing any protected information includes his permitting any other person to have any access to any record, document or other thing containing that information which is in his possession or under his control by virtue of his being or having been a member of the Board or Council.

25       (4) In this section, “protected information” means information the disclosure of which would or could reasonably be expected to disclose a trade secret or to adversely affect a person in relation to the lawful business affairs of that person.

**Forgery of certificates and false information**

**15.** If any person —

- 30       (a) forges or counterfeits any document or certificate required by the Board for the purposes of this Act; or

(b) in relation to any application (whether by the person or on behalf of another) to the Board for its permission, consent or approval, or for any grant or financial assistance, makes (whether orally, electronically, in writing or otherwise) or furnishes any statement to the Board which is false, and which he either knows or believes to be false or does not believe to be true,

he shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$5,000 or to imprisonment for a term not exceeding 6 months or to both.

### **Offences by bodies corporate, etc.**

**16.**—(1) Where an offence under this Act committed by a body corporate is proved —

(a) to have been committed with the consent or connivance of an officer; or

(b) to be attributable to any neglect on his part,

the officer as well as the body corporate shall be guilty of the offence and shall be liable to be proceeded against and punished accordingly.

(2) Where the affairs of a body corporate are managed by its members, subsection (1) shall apply in relation to the acts and defaults of a member in connection with his functions of management as if he were a director of the body corporate.

(3) Where an offence under this Act committed by a partnership is proved —

(a) to have been committed with the consent or connivance of a partner; or

(b) to be attributable to any neglect on his part,

the partner as well as the partnership shall be guilty of the offence and shall be liable to be proceeded against and punished accordingly.

(4) Where an offence under this Act committed by an unincorporated association (other than a partnership) is proved —

(a) to have been committed with the consent or connivance of an officer of the unincorporated association or a member of its governing body; or

(b) to be attributable to any neglect on the part of such an officer or member,

the officer or member as well as the unincorporated association shall be guilty of the offence and shall be liable to be proceeded against and punished accordingly.

(5) In this section —

“body corporate” includes a limited liability partnership;

“officer” —

(a) in relation to a body corporate, means any director, partner, member of the committee of management, chief executive, manager, secretary or other similar officer of the body corporate and includes any person purporting to act in any such capacity; or

(b) in relation to an unincorporated association (other than a partnership), means the president, the secretary, or any member of the committee of the unincorporated association, or any person holding a position analogous to that of president, secretary or member of a committee and includes any person purporting to act in any such capacity;

“partner” includes a person purporting to act as a partner.

(6) Regulations may provide for the application of any provision of this section, with such modifications as the Minister considers appropriate, to any body corporate or unincorporated association formed or recognised under the law of a territory outside Singapore.

### **Disclosure of interests of member of Board or Council**

**17.**—(1) A member of the Board or Council who has a direct or indirect pecuniary interest in a matter being considered or about to be considered by the Board or Council, as the case may be, being an interest that could conflict with the proper performance of that member’s functions in relation to the consideration of the matter shall, as soon as practicable after the relevant facts have come to the knowledge of that member, disclose the nature of that interest at a meeting of the Board or Council, as the case may be.

(2) A disclosure under subsection (1) shall be recorded in the minutes of the meeting of the Board or Council, as the case may be.

## Regulations

18. The Minister may make regulations for carrying out the purposes and provisions of this Act.

## Consequential amendments to other written laws

- 5 19. The provisions of the Acts specified in the first column of the Schedule are amended in the manner set out in the second column thereof.

## THE SCHEDULE

Section 19

### CONSEQUENTIAL AMENDMENTS TO OTHER WRITTEN LAWS

<i>First column</i>	<i>Second column</i>
<p>(1) Agency for Science, Technology and Research Act (Chapter 5A, 2002 Ed.)  Section 6(2)</p>	<p>Delete the word “and” at the end of paragraph (a) and insert immediately thereafter the following paragraph:  “(aa) have regard to the policies and directions of the Research, Innovation and Enterprise Council established under the National Research Fund Act 2006; and”.</p>
<p>(2) Standards, Productivity and Innovation Board Act (Chapter 303A, 2002 Ed.)  Section 6</p>	<p>Insert, immediately after subsection (1), the following subsection:  “(1A) In carrying out its functions, the Board shall have regard to the policies and directions of the Research, Innovation and Enterprise Council established under the National Research Fund Act 2006.”.</p>

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## EXPLANATORY STATEMENT

This Bill seeks to establish a new Government fund to be called the National Research Fund to facilitate the better accounting and management of public moneys for research and development activities.

The Bill also makes consequential amendments to the Agency for Science, Technology and Research Act (Cap. 5A) and the Standards, Productivity and Innovation Board Act (Cap. 303A).

### PART I

#### PRELIMINARY

Clause 1 relates to the short title and commencement.

Clause 2 contains the interpretation of various terms and expressions used in the Bill.

Clause 3 specifically defines what is meant by “research and development activities”.

### PART II

#### NATIONAL RESEARCH FUND

Clause 4 establishes the new Government fund called the National Research Fund (the Fund). Its source of revenue comprises mainly moneys appropriated from the Consolidated Fund.

Clause 5 sets out the purposes to which moneys in the Fund may be applied to. Briefly, the object of the Fund is to fund research and development activities with a view to encouraging the development in Singapore of innovative products, processes and services, increasing investment by the public and private sectors in Singapore in research and development activities that will make Singapore more internationally competitive and promoting the technological advancement of the public and private sectors in Singapore through a focus on innovation in research and development activities.

Clause 6 provides that the expenses in administering the Fund are charged upon and payable out of the Fund.

Clause 7 deals with withdrawals and payments from the Fund and the necessary authorisation therefore.

### PART III

#### ADMINISTRATION OF FUND

Clause 8 places the general responsibility for the Fund on the National Research Foundation Board (the Board).

Clause 9 provides for the establishment of the Board, whose principal duty is to co-ordinate research and development activities undertaken or promoted by the Government, public authorities whose objects are similar to the object of the Fund, enterprises, educational institutions or other persons in Singapore, and to investigate and evaluate the requirement for funding any research and development activity generally or specifically.

Clause 10 provides for the establishment of the Research, Innovation and Enterprise Council (the Council) whose main function is to lead in the promotion of all aspects of research and development activities and innovation in Singapore, by identifying and promoting activities and programmes that will make Singapore more internationally competitive and alerting the public and private sectors to any new business opportunities that arise from the exploitation of results of any research and development activities or innovation.

Clause 11 relates to the keeping of accounts and the appointment of an accounting officer.

Clause 12 requires annual financial statements to be prepared at the end of each financial year and provides for their audit by the Auditor-General.

Clause 13 provides that the Financial Procedure Act (Cap. 109) and its regulations would continue to apply to the Fund unless expressly excluded.

#### PART IV

#### MISCELLANEOUS

Clause 14 prohibits any person exercising any function under the Bill from revealing any protected information which may at any time come to his knowledge in the course of his duty under the Bill.

Clause 15 provides for various offences relating to supplying false information to the Board. The penalty is a fine not exceeding \$5,000 or imprisonment for a term not exceeding 6 months or both.

Clause 16 deals with offenders which are corporations or unincorporated associations.

Clause 17 provides that every member of the Board or Council who has in any way, directly or indirectly, a pecuniary interest in a matter being considered or about to be considered by the Board or Council, being an interest that could conflict with the proper performance of that member's functions in relation to the consideration of the matter, must after the relevant facts have come to his knowledge declare the nature of his interest at a meeting of the Board or Council, as the case may be.

Clause 18 empowers the Minister to make regulations for the sound and efficient management and administration of the Fund.

Clause 19 (read with the Schedule) makes consequential amendments to 2 other written laws, namely, the Agency for Science, Technology and Research Act (Cap. 5A) and the Standards, Productivity and Innovation Board Act (Cap. 303A). With the consequential amendments made, the Agency for Science, Technology and Research and the Standards, Productivity and Innovation Board must have regard to the policies and directions of the Research, Innovation and Enterprise Council when carrying out their respective statutory functions under their respective Acts.

### EXPENDITURE OF PUBLIC MONEY

This Bill will involve the Government in extra financial expenditure, the exact amount of which cannot at present be ascertained.

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