

Education Endowment Scheme (Amendment No. 2) Bill

Bill No. 40/2007.

Read the first time on 17th September 2007.

A BILL

intituled

An Act to amend the Education Endowment Scheme Act (Chapter 87A of the 1993 Revised Edition) and to make related amendments to the Children Development Co-Savings Act (Chapter 38A of the 2002 Revised Edition).

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

Short title and commencement

1. This Act may be cited as the Education Endowment Scheme (Amendment No. 2) Act 2007 and shall come into operation on such date as the Minister may, by notification in the *Gazette*, appoint.

5 **Amendment of long title**

2. The long title to the Education Endowment Scheme Act (referred to in this Act as the principal Act) is amended by inserting, immediately after the word “scheme”, the words “and a scheme to promote savings for post-secondary education,”.

10 **Amendment of section 1**

3. Section 1 of the principal Act is amended by deleting the word “Scheme” and substituting the words “and Savings Schemes”.

Amendment of section 2

4. Section 2 of the principal Act is amended —

15 (a) by deleting the definitions of “child”, “eligible member” and “member” in subsection (1);

(b) by deleting the definitions of “parent” and “prescribed school” in subsection (1) and substituting the following definitions:

““parent” includes a legal guardian;

20 “PSE account” means a PSE account maintained under section 16A(3);

“PSE Fund” means the Post-Secondary Education Fund established under section 16A(1);

25 “PSE Scheme Administrator” means the public officer appointed by the Minister to administer the PSE Fund on behalf of the Minister;”;

(c) by deleting the full-stop at the end of the definition of “school age” in subsection (1) and substituting a semi-colon, and by inserting immediately thereafter the following definition:

30 ““sibling”, in relation to a member of the PSE Fund, means the natural sibling, step-sibling or adopted sibling of the member.”; and

(d) by deleting subsection (2) and substituting the following subsections:

“(2) For the purposes of sections 12, 13 and 14, “school” means such educational institution as the Minister may approve from time to time under subsection (3).

(3) The Minister may —

(a) approve any educational institution as a school for the purposes of any provision of sections 12, 13 and 14; and

(b) approve different educational institutions for the purposes of different provisions of sections 12, 13 and 14 and for different classes of members of the Edusave Pupils Fund.”.

Amendment of section 3

5. Section 3 of the principal Act is amended by deleting subsection (1) and substituting the following subsection:

“(1) For the purposes of this Act, there shall be established a fund to be called the Edusave Endowment Fund into which shall be paid —

(a) all capital money provided by Parliament pursuant to this Act;

(b) all income of that Fund; and

(c) any moneys which the Minister has authorised under section 7(5) to be transferred from the Edusave Pupils Fund,

and out of which shall be met all payments authorised to be paid under this Act.”.

Amendment of section 6

6. Section 6(1) of the principal Act is amended —

(a) by deleting the words “Government or Government-aided school” in paragraph (a) and substituting the words “educational institution prescribed for the purposes of this paragraph,”;

- (b) by deleting the words “prescribed school” in paragraph (b) and substituting the words “educational institution prescribed for the purposes of this paragraph”; and
- (c) by inserting, immediately after the word “contributions” in paragraph (c), the words “and additional income”.

Amendment of section 7

7. Section 7 of the principal Act is amended —

- (a) by inserting, at the end of subsection (1)(b), the word “and”;
- (b) by deleting paragraph (c) of subsection (1);
- (c) by inserting, immediately after the words “each member” in subsection (3), the words “of the Edusave Pupils Fund”;
- (d) by deleting the words “in the Edusave Pupils Fund” in subsection (3) and substituting the words “in that Fund”; and
- (e) by inserting, immediately after subsection (4), the following subsection:

“(5) The Minister may authorise the transfer to the Endowment Fund of any moneys in the Edusave Pupils Fund which, in his opinion, are not immediately required to meet the purposes of the Edusave Pupils Fund, and such moneys shall form part of the income of the Endowment Fund.”.

Amendment of section 8

8. Section 8 of the principal Act is amended —

- (a) by deleting the word “and” at the end of paragraph (a); and
- (b) by inserting, immediately after paragraph (a), the following paragraph:

“(aa) is of school age; and”.

Amendment of section 9

9. Section 9 of the principal Act is amended —

- (a) by inserting, immediately after the words “every member” in subsections (1), (2)(b) and (4), the words “of the Edusave Pupils Fund”;

- (b) by inserting, immediately after the words “eligible member” in subsections (2)(a) and (3), the words “of the Edusave Pupils Fund”;
- (c) by deleting the words “prescribed under” in subsection (2)(b) and substituting the words “referred to in”;
- (d) by deleting the word “prescribe” in subsection (4) and substituting the word “determine”;
- (e) by inserting, immediately after subsection (5), the following subsection:

“(6) In this section —

“eligible member of the Edusave Pupils Fund” means any member of that Fund who is eligible for the payment of the prescribed amount of contribution under subsection (1);

“prescribed school” means —

(a) an institution for providing full-time primary or secondary education, being —

(i) a school organised and conducted directly by the Government;

(ii) a school specified in any order made under section 3(1) of the School Boards (Incorporation) Act (Cap. 284A); or

(iii) a school which —

(A) is established by any person other than the Government; and

(B) is conducted by a committee of management which is in receipt of a grant-in-aid from the Government for the defraying of the expenses incurred for conducting the school; or

(b) such other educational institution as may be prescribed.”; and

- (f) by deleting the marginal note and inserting the following section heading:

“Contributions and interest to be paid to members of Edusave Pupils Fund”.

5 **Amendment of heading to Part III**

10. Part III of the principal Act is amended by deleting the words “OF CONTRIBUTIONS” in the Part heading and substituting the words “FROM EDUSAVE PUPILS FUND”.

Amendment of section 12

10 **11.** Section 12 of the principal Act is amended —

- (a) by inserting, immediately after the words “any member” in subsection (1), the words “of the Edusave Pupils Fund”;
- (b) by deleting the words “from the Edusave Pupils Fund” in subsection (1) and substituting the words “from that Fund”;
- 15 (c) by inserting, immediately after the words “parent of a member” in subsection (2), the words “of the Edusave Pupils Fund”;
- (d) by inserting, immediately after the words “or a member” in subsection (2), the words “of that Fund”; and
- (e) by deleting subsections (3) and (4).

20 **Amendment of section 13**

12. Section 13 of the principal Act is amended —

- (a) by inserting, immediately after the words “parent of a member” in subsection (1), the words “of the Edusave Pupils Fund”;
- (b) by inserting, immediately after the words “or a member” in subsection (1), the words “of that Fund”; and
- 25 (c) by deleting subsections (2) and (3) and substituting the following subsections:

30 “(2) Subject to subsection (3) and any regulations made under section 24, where a member of the Edusave Pupils Fund has attained the age of 16 years or has ceased to be a full-time pupil at any school, whichever is the later, the Board shall, as soon as practicable, transfer the sum standing to his credit in

his Edusave account to his PSE account, and thereupon he shall cease to be a member of that Fund.

(3) Subject to any regulations made under section 24, where a member of the Edusave Pupils Fund below the age of 16 years satisfies such requirements as may be prescribed, the Board may, upon application by the parent of the member, transfer the sum standing to the credit of the member in his Edusave account to his PSE account, and thereupon he shall cease to be a member of that Fund.”.

10 **Amendment of section 14**

13. Section 14 of the principal Act is amended —

- (a) by inserting, immediately after the words “a member” in subsection (1), the words “of the Edusave Pupils Fund”; and
- (b) by deleting the marginal note and inserting the following section heading:

“Applications for withdrawal from Edusave Pupils Fund”.

Amendment of section 15

14. Section 15 of the principal Act is amended —

- (a) by inserting, immediately after the words “any member”, the words “of that Fund”; and
- (b) by deleting the marginal note and inserting the following section heading:

“Protection of benefits of member of Edusave Pupils Fund”.

25 **Amendment of section 16**

15. Section 16 of the principal Act is amended —

- (a) by inserting, immediately after the words “a member” in subsections (1) and (2), the words “of the Edusave Pupils Fund”;
- (b) by inserting, immediately after the words “any member” in subsection (3), the words “of the Edusave Pupils Fund”; and

(c) by deleting the marginal note and inserting the following section heading:

“Moneys payable on death of member of Edusave Pupils Fund”.

5 **New Parts IIIA and IIIB**

16. The principal Act is amended by inserting, immediately after section 16, the following Parts:

“PART IIIA

POST-SECONDARY EDUCATION SCHEME

10 **Establishment of Post-Secondary Education Fund**

16A.—(1) For the purposes of this Act, there shall be established a fund to be called the Post-Secondary Education Fund into which shall be paid —

- (a) all contributions under section 16C;
- 15 (b) all income of that Fund;
- (c) all moneys transferred to any PSE account under the Children Development Co-Savings Act (Cap. 38A);
- (d) all sums transferred to any PSE account under section 13(2) or (3); and
- 20 (e) any cash grant made by the Government,

and out of which shall be met all payments authorised to be paid under this Act.

(2) The PSE Scheme Administrator shall administer the PSE Fund on behalf of the Minister, and all moneys belonging to that Fund may

25 be —

- (a) deposited in a bank or banks approved by the PSE Scheme Administrator; and
- (b) invested in such securities as trustees may by any written law be authorised to invest.

(3) The PSE Scheme Administrator shall maintain for each member of the PSE Fund in respect of the money standing to the member's credit in that Fund an account to be called the PSE account from which withdrawals may be made under section 16D or 16E.

5 (4) The PSE Scheme Administrator shall have such powers and shall perform such duties as are given or imposed by this Act or as may be directed by the Minister, and the PSE Scheme Administrator may by instrument in writing delegate to any person all or any of those powers and duties, except the power of delegation conferred by
10 this subsection.

(5) The Minister may, by warrant under his hand, authorise the transfer to the Consolidated Fund of any moneys in the PSE Fund which, in the opinion of the Minister and the Minister for Finance, are not immediately required to meet the liabilities or purposes of the
15 PSE Fund.

(6) For the purpose of providing additional income to the PSE Fund, the Minister for Finance may, from time to time, pay to that Fund such sum of money as may be provided by Parliament.

Members of PSE Fund

20 **16B.** A person shall become a member of the PSE Fund by virtue of this section if —

- (a) he is a citizen of Singapore; and
- (b) he satisfies such other requirements as may be prescribed.

Contributions and interest to be paid to members of PSE Fund

25 **16C.**—(1) Subject to subsection (2) and any regulations made under section 24, any parent of an eligible member of the PSE Fund, or any person on behalf of the parent, may, from time to time after a PSE account has been opened for the member and before the member has attained the age of 18 years, contribute one or more sums to the
30 member's PSE account.

(2) Where the aggregate of all contributions by or on behalf of a parent of an eligible member of the PSE Fund to the member's PSE account under subsection (1) exceeds such maximum amount as the Minister may from time to time prescribe for such contributions, the

PSE Scheme Administrator may refund the whole or any part of the contributions in excess of that amount.

(3) Subject to subsection (4), where any sum has been contributed by or on behalf of a parent of an eligible member of the PSE Fund to the member's PSE account under subsection (1), the Government shall contribute an equivalent sum to the PSE account.

(4) The aggregate of —

(a) all contributions made by the Government to the PSE account of an eligible member of the PSE Fund under subsection (3); and

(b) all contributions, if any, made by the Government to the member's bank account, if any, opened under regulations made under section 3 of the Children Development Co-Savings Act (Cap. 38A),

shall not exceed such maximum amount as the Minister may from time to time prescribe.

(5) For the purposes of subsections (2) and (4), different maximum amounts may be prescribed for different classes of eligible members of the PSE Fund.

(6) Subject to subsection (2), the PSE Scheme Administrator shall cause to be credited —

(a) to any eligible member of the PSE Fund the contributions made to the member's PSE account under subsections (1) and (3); and

(b) to every member of the PSE Fund interest at the rate referred to in subsection (9) at such intervals and on the amount standing to the member's credit in his PSE account over such periods, which shall be paid out of the income of that Fund at such time as the PSE Scheme Administrator may determine.

(7) The PSE Scheme Administrator shall, as far as practicable, credit any contribution made by the Government under subsection (3) to the PSE account of an eligible member of the PSE Fund within the prescribed period after the corresponding contribution under subsection (1) was made by or on behalf of a parent of the member to the member's PSE account.

(8) Where it is not practicable to credit the contribution made by the Government under subsection (3) to the PSE account of an eligible member of the PSE Fund within the time limited by subsection (7), the PSE Scheme Administrator shall credit that contribution within such other period as the Minister may allow.

(9) Interest shall be payable on the amount standing to the credit of every member of the PSE Fund in his PSE account at such rate per annum as the Minister may from time to time determine, and the Minister may determine different rates of interest for different parts of the amount standing to the credit of any member of the PSE Fund in his PSE account.

(10) In this section, “eligible member of the PSE Fund” means any member of that Fund who —

(a) is eligible for membership of the Children Development Co-Savings Scheme established by regulations made under section 3 of the Children Development Co-Savings Act (Cap. 38A); and

(b) satisfies such other requirements as may be prescribed.

PART IIIB

WITHDRAWAL FROM PSE FUND

Conditions for withdrawal from PSE Fund

16D.—(1) Any money standing to the credit of any member of the PSE Fund in his PSE account may be withdrawn from that Fund with the authority of the PSE Scheme Administrator in accordance with this section and any regulations made under section 24.

(2) Subject to any regulations made under section 24, the parent of a member of the PSE Fund below the age of 21 years, or a member of that Fund who has attained the age of 21 years, shall be entitled to withdraw at any time the sum standing to the credit of the member in his PSE account —

(a) to pay for all fees and charges incurred or to be incurred in respect of any approved course of study or programme which is attended or to be attended by the member or any sibling of the member at any approved institution; and

(b) for such other purposes as may be prescribed.

(3) Subject to any regulations made under section 24, the Minister may —

(a) upon an application by the parent of a member of the PSE Fund below the age of 21 years, or by a member of that Fund who has attained the age of 21 years; and

(b) if the Minister is satisfied that it is just and equitable to do so,

permit the withdrawal of the whole sum standing to the credit of the member in his PSE account, and thereupon he shall cease to be a member of that Fund.

(4) In subsection (2), “approved”, in relation to a course of study or programme or an institution, means approved by the Minister for the purposes of that subsection.

Transfer of member’s moneys in PSE Fund

16E.—(1) Subject to any regulations made under section 24, the PSE Scheme Administrator may, upon an application by a member of the PSE Fund who has attained the age of 21 years, permit the member to transfer the whole sum standing to his credit in his PSE account to his ordinary account, if any, maintained under section 13 of the Central Provident Fund Act (Cap. 36), and thereupon he shall cease to be a member of the PSE Fund.

(2) Subject to any regulations made under section 24, the PSE Scheme Administrator may, upon an application by a member of the PSE Fund who has attained the relevant age, permit the member to transfer —

(a) the whole or any part of the sum standing to his credit in his PSE account to his sibling’s PSE account, if any; and

(b) any remainder of that sum to his ordinary account, if any, maintained under section 13 of the Central Provident Fund Act,

and thereupon he shall cease to be a member of the PSE Fund.

(3) The PSE Scheme Administrator may, upon an application by a member of the PSE Fund who has attained or is about to attain the

relevant age, permit him to remain as a member of that Fund, and to continue to maintain in his PSE account the sum standing to his credit in that account, until such time after attaining the relevant age as the PSE Scheme Administrator may determine.

5 (4) Subject to subsection (3), where any member of the PSE Fund has attained the relevant age, and no application has been made, within such period (not exceeding 12 months) after the member has attained the relevant age as the PSE Scheme Administrator may specify, for the sum standing to the member's credit in his PSE
10 account to be withdrawn under section 16D(3) or transferred under subsection (1) or (2), the PSE Scheme Administrator shall transfer the sum standing to the member's credit in his PSE account to his ordinary account, if any, maintained under section 13 of the Central Provident Fund Act (Cap. 36), and thereupon he shall cease to be a
15 member of the PSE Fund.

(5) In this section, "relevant age" means such age as may be prescribed for the purposes of this section.

Applications for withdrawal or transfer from PSE account

20 **16F.**—(1) Upon an application to withdraw any sum of money standing to the credit of a member of the PSE Fund in the member's PSE account by the parent of the member or by the member, as the case may be, under section 16D(2) or (3), the PSE Scheme Administrator may authorise the withdrawal of such sum as the parent or member is entitled to withdraw from the member's PSE
25 account.

(2) Upon an application to transfer the sum standing to the credit of a member of the PSE Fund in the member's PSE account by the member under section 16E(1) or (2), the PSE Scheme Administrator may authorise the transfer of that sum from the member's PSE
30 account.

(3) All applications for withdrawal or transfer shall be supported by such evidence as may be prescribed and by such further evidence as the PSE Scheme Administrator may reasonably require.

Protection of benefits of member of PSE Fund

35 **16G.**—(1) Subject to this Act (in so far as it provides for the refund, withdrawal, transfer or utilisation of any sum contributed to

or standing in a PSE account), any moneys paid into the PSE account of a member of the PSE Fund shall belong to the member and shall not be assignable or liable to be attached, sequestered or levied upon for or in respect of any debt or claim.

5 (2) No withdrawals or transfers made by the authority of the PSE Scheme Administrator from the PSE Fund under section 16D or 16E nor the rights of any member of that Fund acquired thereunder shall be assignable or transferable or liable to be attached, sequestered or levied upon for or in respect of any debt or claim whatsoever.

10 (3) A contribution by a parent of a member of the PSE Fund under section 16C(1) shall not constitute a transaction at an undervalue or an unfair preference under section 98 or 99 of the Bankruptcy Act (Cap. 20) or form part of the estate of the parent, if the parent has been adjudged bankrupt.

15 **Moneys payable on death of member of PSE Fund**

16H.—(1) On the death of a member of the PSE Fund, the total amount standing to his credit in his PSE account shall be paid to the Public Trustee for disposal in accordance with any written law for the time being in force.

20 (2) The receipt of the Public Trustee shall be a good discharge to the PSE Scheme Administrator for such portions of the moneys payable out of the PSE account on the death of a member of the PSE Fund as are payable to the Public Trustee under subsection (1).

25 (3) All moneys paid out of the PSE account of any member of the PSE Fund on the death of the member shall be deemed to be impressed with a trust in favour of the person or persons determined by the Public Trustee in accordance with subsection (1) to be entitled thereto but shall, without prejudice to the Estate Duty Act (Cap. 96), be deemed not to form part of the deceased member's estate or to be
30 subject to his debts.”.

Amendment of section 17

17. The principal Act is amended by renumbering section 17 as subsection (1) of that section, and by inserting immediately thereafter the following subsection:

“(2) All expenses incurred in connection with the administration of the PSE Fund, including the cost of auditing the accounts of that Fund under section 20(1), shall be paid out of the Consolidated Fund.”.

5 **Repeal and re-enactment of sections 18 and 19**

18. Sections 18 and 19 of the principal Act are repealed and the following sections substituted therefor:

“Financial year

10 **18.**—(1) Subject to subsection (2), the financial year of the Endowment Fund, the Edusave Pupils Fund and the PSE Fund shall begin on 1st April of each year and end on 31st March of the succeeding year.

(2) The first financial year of each Fund shall begin on the date of its establishment and shall end on 31st March of the succeeding year.

15 **Accounts to be kept**

19.—(1) The Minister shall —

(a) cause to be kept proper accounts and records of all transactions and affairs relating to the Endowment Fund, the Edusave Pupils Fund and the PSE Fund; and

20 (b) do all things necessary to ensure that —

(i) all payments out of each Fund are correctly made and properly authorised; and

(ii) adequate control is maintained over the assets and receipts of each Fund.

25 (2) The Minister shall, as soon as practicable after the close of each financial year but not later than 30th June of each year, cause to be prepared and submitted to the auditor of each Fund financial statements in respect of that year for that Fund.”.

Amendment of section 20

30 **19.** Section 20 of the principal Act is amended —

- (a) by deleting the words “and Edusave Pupils Fund” in subsection (1) and substituting the words “, the Edusave Pupils Fund and the PSE Fund”;
- 5 (b) by deleting the words “an approved company auditor under the Companies Act” in subsection (2) and substituting the words “a public accountant within the meaning of the Companies Act (Cap. 50)”;
- (c) by inserting, immediately after the word “auditor” in subsections (3), (4) and (5), the words “of each Fund”;
- 10 (d) by deleting the words “the Endowment Fund and Edusave Pupils Fund” in subsections (3) and (4)(a), (b) and (c) and substituting in each case the words “that Fund”; and
- (e) by deleting the words “or Edusave Pupils Fund” in subsection (6) and substituting the words “, the Edusave Pupils Fund or the PSE Fund”.
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Amendment of section 22

20. Section 22 of the principal Act is amended by deleting the words “and Edusave Pupils Fund” and substituting the words “, the Edusave Pupils Fund and the PSE Fund”.

20 Repeal and re-enactment of section 24

21. Section 24 of the principal Act is repealed and the following section substituted therefor:

“Regulations

25 **24.**—(1) The Minister may make such regulations as are necessary or expedient for the purpose of carrying out the provisions of this Act.

(2) Without prejudice to the generality of subsection (1), such regulations may —

- 30 (a) provide for the establishment of scholarships and other awards out of the income of the Endowment Fund and for all matters connected therewith, including the persons eligible to apply for each type of scholarship or award, and the amount of each type of scholarship or award;

- (b) prescribe the amount which may be withdrawn, and the manner in which withdrawals may be made, by members of the Edusave Pupils Fund or their parents;
- 5 (c) provide for such information, evidence and documents as the Board may require from members of the Edusave Pupils Fund or their parents who have applied for or utilised such withdrawals;
- 10 (d) provide for the circumstances in which a refund of any sum withdrawn from the Edusave Pupils Fund shall be made or may be required by the Board to be made, and for the person by whom and the manner in which the refund is to be made;
- (e) provide for the disposal of amounts in the Edusave Pupils Fund which are unclaimed or unpaid, or which otherwise remain in that Fund;
- 15 (f) prescribe the procedure of the Council;
- (g) prescribe the amount which may be withdrawn, and the manner in which withdrawals may be made, by members of the PSE Fund or their parents;
- 20 (h) provide for such information, evidence and documents as the PSE Scheme Administrator may require from members of the PSE Fund or their parents who have applied for or utilised such withdrawals;
- 25 (i) provide for the circumstances in which a refund of any sum withdrawn from the PSE Fund shall be made or may be required by the PSE Scheme Administrator to be made, and for the person by whom and the manner in which the refund is to be made;
- 30 (j) provide for the disposal of amounts in the PSE Fund which are unclaimed or unpaid, or which otherwise remain in that Fund; and
- (k) prescribe anything which may be prescribed.”.

Related amendments to Children Development Co-Savings Act

22. The Children Development Co-Savings Act (Cap. 38A) is amended —

- (a) by deleting the definition of “Edusave account” in section 2(1);
- (b) by inserting, immediately after the definition of “personal representative” in section 2(1), the following definition:

“ “PSE account” has the same meaning as in the Education
Endowment and Savings Schemes Act (Cap. 87A);”;

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- (c) by deleting the words “Edusave account” in section 3(2)(i) and substituting the words “PSE account”; and
- (d) by deleting the words “For the avoidance of doubt,” in section 5 and substituting the words “Subject to the Education Endowment and Savings Schemes Act (Cap. 87A) and any regulations made under section 3 (in so far as they provide for the withdrawal, transfer or utilisation of any moneys paid into a member’s bank account),”.

10

EXPLANATORY STATEMENT

This Bill seeks to amend the Education Endowment Scheme Act (Cap. 87A) for the following main purposes:

- (a) to make refinements to the Education Endowment Scheme; and
- (b) to provide for the establishment of the Post-Secondary Education Scheme.

The Bill also seeks to make certain related amendments to the Children Development Co-Savings Act (Cap. 38A).

Clause 1 relates to the short title and commencement.

Clause 2 amends the long title to include a reference to the establishment of a scheme to promote savings for post-secondary education (Post-Secondary Education Scheme).

Clause 3 amends the short title to change it to the “Education Endowment and Savings Schemes Act”.

Clause 4 amends section 2 —

- (a) to delete the definitions of “child”, “eligible member” and “member” in subsection (1) as a consequence of the insertion of new Parts IIIA and IIIB (by clause 16);
- (b) to re-enact the definition of “parent” in subsection (1) to align it with the definition of “parent” in section 2(1) of the Children Development Co-Savings Act;

- (c) to insert new definitions for “PSE account”, “PSE Fund”, “PSE Scheme Administrator” and “sibling” in subsection (1) as a consequence of the insertion of new Parts IIIA and IIIB (by clause 16);
- (d) to delete the following provisions which have become redundant:
 - (i) the definition of “prescribed school” in subsection (1); and
 - (ii) the existing subsection (2);
- (e) to insert a definition of “school” for the purposes of sections 12, 13 and 14; and
- (f) to empower the Minister —
 - (i) to approve any educational institution as a school for the purposes of any provision of sections 12, 13 and 14; and
 - (ii) to approve different educational institutions for the purposes of different provisions of sections 12, 13 and 14 and for different classes of members of the Edusave Pupils Fund.

Clause 5 re-enacts section 3(1) to authorise the payment into the Edusave Endowment Fund (the Endowment Fund) of any moneys which the Minister has authorised under the new section 7(5) (to be inserted by clause 7(e)) to be transferred from the Edusave Pupils Fund.

Clause 6 amends section 6(1) to provide for the income of the Endowment Fund to be used, among other things, for —

- (a) the provision of grants to any prescribed educational institution to enable it to enhance its quality of teaching;
- (b) the provision of scholarships to full-time pupils at any prescribed educational institution; and
- (c) the provision of contributions and additional income to the Edusave Pupils Fund.

Clause 7 amends section 7 —

- (a) to delete subsection (1)(c), as all moneys to be transferred under the Children Development Co-Savings Act (Cap. 38A) will, under the new section 16A(1) (to be inserted by clause 16), be transferred to the Post-Secondary Education Fund (PSE Fund) instead of the Edusave Pupils Fund;
- (b) to make technical changes to subsection (3) that are necessitated by the deletion of the definition of “member” in section 2(1) (by clause 4(a)); and
- (c) to insert a new subsection (5) —
 - (i) to empower the Minister to authorise the transfer to the Endowment Fund of any moneys in the Edusave Pupils Fund which, in his opinion, are not immediately required to meet the purposes of the Edusave Pupils Fund; and

- (ii) to provide that the moneys transferred will not form any part of the capital money of the Endowment Fund but will, for the purposes of sections 6(1) and 9(1), be deemed to form part of the income of the Endowment Fund.

Clause 8 makes technical amendments to section 8 which are necessitated by the deletion of the definition of “child” in section 2(1) (by clause 4(a)).

Clause 9 amends section 9 —

- (a) to make technical changes to subsections (1) to (4) that are necessitated by the deletion of the definitions of “eligible member” and “member” in section 2(1) (by clause 4(a));
- (b) to insert a new subsection (6) to provide for new definitions for the terms “eligible member of the Edusave Pupils Fund” and “prescribed school” which are used in that section; and
- (c) to delete the marginal note and insert a new section heading to better reflect the contents of that section.

The clause also amends section 9(2)(b) and (4) to empower the Minister to determine, without prescribing in regulations, the rate of interest payable on the amount standing in an Edusave account.

Clause 10 amends the heading to Part III as a consequence of the insertion of new Part IIIB (by clause 16).

Clause 11 amends section 12 —

- (a) to make technical changes to subsections (1) and (2) that are necessitated by the deletion of the definition of “member” in section 2(1) (by clause 4(a));
- (b) to delete the existing prohibition in subsection (3) against the use of the Edusave account to pay for school fees or miscellaneous fees, as the provision has become redundant; and
- (c) to delete the existing subsection (4), as the definition of “school” in that subsection has been replaced with a new definition to be inserted in section 2 (by clause 4(d)).

Clause 12 amends section 13 —

- (a) to make technical changes to subsection (1) that are necessitated by the deletion of the definition of “member” in section 2(1) (by clause 4(a)); and
- (b) to re-enact subsections (2) and (3) to provide for the transfer of the sum standing to the credit of a person in his Edusave account to his PSE account, instead of his ordinary account under the Central Provident Fund Act (Cap. 36), and for him to thereupon cease to be a member of the Edusave Pupils Fund.

Clause 13 amends section 14 —

- (a) to make a technical change to subsection (1) that is necessitated by the deletion of the definition of “member” in section 2(1) (by clause 4(a)); and
- (b) to delete the marginal note and insert a new section heading to better reflect the contents of that section.

Clause 14 amends section 15 —

- (a) to make a technical change that is necessitated by the deletion of the definition of “member” in section 2(1) (by clause 4(a)); and
- (b) to delete the marginal note and insert a new section heading to better reflect the contents of that section.

Clause 15 amends section 16 —

- (a) to make technical changes to subsections (1), (2) and (3) that are necessitated by the deletion of the definition of “member” in section 2(1) (by clause 4(a)); and
- (b) to delete the marginal note and insert a new section heading to better reflect the contents of that section.

Clause 16 inserts new Parts IIIA and IIIB. The new Part IIIA (comprising new sections 16A, 16B and 16C) relates to the establishment of the Post-Secondary Education Scheme. The new Part IIIB (comprising new sections 16D to 16H) relates to the making of withdrawals from the PSE Fund established for the purposes of the Post-Secondary Education Scheme.

The new section 16A provides for the establishment of the PSE Fund and for the appointment of an officer (the PSE Scheme Administrator) by the Minister to administer that Fund on behalf of the Minister. The PSE Scheme Administrator is required to maintain for each member of the PSE Fund, in respect of the money standing to his credit in that Fund, a PSE account from which withdrawals may be made in accordance with the new sections 16D and 16E. The moneys to be paid into the PSE Fund would include —

- (a) all moneys to be transferred to any PSE account under the Children Development Co-Savings Act (Cap. 38A); and
- (b) all sums to be transferred to any PSE account under the re-enacted section 13(2) or (3).

The new section 16B provides for the criteria for membership of the PSE Fund. A person will become a member of the PSE Fund if he is a citizen of Singapore and satisfies such other requirements as may be prescribed.

The new section 16C provides for the payment of contributions to eligible members of the PSE Fund. An eligible member of the PSE Fund is one who is eligible for membership of the Children Development Co-Savings Scheme established by regulations made under section 3 of the Children Development Co-Savings Act, and who satisfies such other requirements as may be prescribed. Where any parent of an

eligible member of the PSE Fund, or any person on behalf of the parent, contributes a sum to the member's PSE account, the Government will contribute an equivalent sum to the member's PSE account, until the limit on the Government's contributions which is applicable to the member has been reached. The limit applicable to any eligible member of the PSE Fund is determined by the condition that the aggregate of —

- (a) all contributions made by the Government to that member's PSE account; and
- (b) all contributions made by the Government to that member's bank account opened under regulations made under section 3 of the Children Development Co-Savings Act (Cap. 38A),

does not exceed such amount as the Minister may from time to time prescribe for the class of eligible members of the PSE Fund to which that member belongs.

The new section 16C also provides for the payment of interest to all members of the PSE Fund. Interest will be payable on the amount standing to the credit of every member of the PSE Fund in his PSE account over such periods as the PSE Scheme Administrator may determine and at such rate per annum as the Minister may from time to time determine. The Minister may determine different rates of interest for different parts of the amount standing to the credit of any member of the PSE Fund in his PSE account.

The new section 16D sets out the purposes for which, and the circumstances in which, the sum standing to the credit of a member of the PSE Fund in his PSE account may be withdrawn. The parent of a member of the PSE Fund below the age of 21 years, or a member of that Fund who has attained the age of 21 years, will be entitled to withdraw at any time the sum standing to his credit in his PSE account to pay for all fees and charges incurred or to be incurred in respect of any course of study or programme approved by the Minister which is attended or to be attended by the member or any sibling of the member at any institution approved by the Minister, and for such other purposes as the Minister may prescribe. Further, the Minister may permit the withdrawal of the whole sum standing to the credit of a member of the PSE Fund in his PSE account upon an application by the parent of the member (if the member is below the age of 21 years) or by the member (if he has attained the age of 21 years), if the Minister is satisfied that it is just and equitable to do so.

The new section 16E enables the PSE Scheme Administrator —

- (a) to permit a member of the PSE Fund who has attained the age of 21 years to transfer the whole sum standing to his credit in his PSE account to his ordinary account maintained under the Central Provident Fund Act (Cap. 36);
- (b) to permit a member of the PSE Fund who has attained the relevant age to transfer the whole or any part of the sum standing to his credit in his PSE account to his sibling's PSE account and any remainder of that sum to his ordinary account; and

- (c) to transfer the sum standing to the credit of a member of the PSE Fund in his PSE account to his ordinary account when he has attained the relevant age, unless the member has applied to the PSE Scheme Administrator to permit him to remain as a member of the PSE Fund, and to continue to maintain that sum in his PSE account, after he has attained that age.

The new section 16F deals with the procedure for the withdrawal or transfer of money standing to the credit of a member of the PSE Fund in his PSE account.

The new section 16G —

- (a) protects the benefits of the members of the PSE Fund in that Fund from their creditors;
- (b) clarifies that any moneys paid into the PSE account of a member of the PSE Fund will belong to the member not absolutely but subject to the Act, in so far as the Act provides for the refund, withdrawal, transfer or utilisation of any sum contributed to or standing in a PSE account; and
- (c) prevents any contribution by a parent of a member of the PSE Fund under the new section 16C(1) from constituting a transaction at an undervalue or an unfair preference under section 98 or 99 of the Bankruptcy Act (Cap. 20), or forming part of the estate of the parent, if the parent has been adjudged bankrupt.

The new section 16H provides that on the death of a member of the PSE Fund, the total amount standing to his credit in his PSE account will be paid to the Public Trustee for disposal in accordance with any written law.

Clause 17 amends section 17 to provide that all expenses incurred in connection with the administration of the PSE Fund, including the cost of auditing the accounts of that Fund, will be paid out of the Consolidated Fund.

Clause 18 repeals and re-enacts section 18 to provide for the financial year of the PSE Fund, in addition to the financial year of the Endowment Fund and the Edusave Pupils Fund.

The clause also repeals and re-enacts section 19 to require the Minister to cause to be kept proper accounts and records of all transactions and affairs relating to the PSE Fund, in addition to those relating to the Endowment Fund and the Edusave Pupils Fund.

Clause 19 amends section 20 —

- (a) to provide for the appointment, powers and duties of the auditor of the PSE Fund, in addition to those of the auditor of the Endowment Fund and the Edusave Pupils Fund; and
- (b) to replace the reference in subsection (2) to “an approved company auditor under the Companies Act” with a reference to “a public accountant within the meaning of the Companies Act”, so as to give effect to the policy intent behind section 58 of the Companies (Amendment) Act 2004 (Act 5 of 2004).

Clause 20 amends section 22 to require the Minister to cause to be prepared an annual report in respect of the administration of the Endowment Fund, the Edusave Pupils Fund and the PSE Fund, and to present to Parliament a copy of such report and of the audited financial statements and the auditor's report of the Endowment Fund, the Edusave Pupils Fund and the PSE Fund.

Clause 21 repeals and re-enacts section 24 to empower the Minister to make regulations that are necessary or expedient for the purpose of carrying out the provisions of the Act, including matters relating to the PSE Fund, in addition to matters relating to the Endowment Fund and the Edusave Pupils Fund.

Clause 22 makes the following related amendments to the Children Development Co-Savings Act (Cap. 38A):

- (a) section 2(1) of that Act is amended by deleting the definition of "Edusave account", which has become redundant, and inserting a new definition for "PSE account", as a consequence of the amendment of section 3(2)(i) of that Act (by clause 22(c));
- (b) section 3(2)(i) of that Act is amended by substituting the reference to "Edusave account" with a reference to "PSE account", as the moneys standing to the credit of a member of the Children Development Co-Savings Scheme in his bank account opened for the purposes of that Scheme will now be transferred to the member's PSE account instead of his Edusave account; and
- (c) section 5 of that Act is amended to clarify that any moneys paid into the bank account of a member of the Children Development Co-Savings Scheme (being a bank account opened under regulations made under section 3 of that Act) will belong to the member not absolutely but subject to the Education Endowment and Savings Schemes Act (Cap. 87A) and any regulations made under section 3 of the Children Development Co-Savings Act, in so far as they provide for the withdrawal, transfer or utilisation of any moneys paid into that bank account.

EXPENDITURE OF PUBLIC MONEY

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