

Central Provident Fund (Amendment No. 2) Bill

Bill No. 44/2007.

Read the first time on 22nd October 2007.

A BILL

i n t i t u l e d

An Act to amend the Central Provident Fund Act (Chapter 36 of the 2001 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.—(1) This Act may be cited as the Central Provident Fund (Amendment No. 2) Act 2007 and shall, with the exception of section 16, come into operation on such date as the Minister may, by notification in the *Gazette*, appoint.

(2) Section 16 shall be deemed to have come into operation on 1st October 2007.

Amendment of section 2

2. Section 2(1) of the Central Provident Fund Act (referred to in this Act as the principal Act) is amended —

(a) by inserting, immediately before the definition of “Board”, the following definition:

““additional interest” means the interest referred to in section 6(4B);” and

(b) by deleting the definition of “retirement account” and substituting the following definition:

““retirement account” means a retirement account maintained —

(a) for the purposes of sections 15(2A)(a), (6C), (7B)(a) and (8A)(a) and 18(1)(c); and

(b) for the crediting of such contribution (including any amount which is deemed to be a contribution for the purposes of this Act) and interest as the Minister may direct;”.

Amendment of section 6

3. Section 6 of the principal Act is amended by deleting subsection (4) and substituting the following subsections:

“(4) The Board shall pay to a member of the Fund interest —

(a) at such intervals, and on the amount standing to the credit of the member in the Fund at such time, as the Board may determine; and

(b) at such rate per annum as the Board may from time to time declare by notification published in the *Gazette*, being a rate of interest which —

(i) is not less than 2.5% per annum; and

5 (ii) may exceed 2.5% per annum if the Minister for Finance so approves.

(4A) For the purposes of subsection (4), the Board may declare different rates of interest for different parts of the amount standing to the credit of a member in the Fund.

10 (4B) The Board may, in its discretion, pay to a member of the Fund interest in addition to that referred to in subsection (4) —

(a) at such intervals, and on the whole or such part of the amount standing to the credit of the member in the Fund at such time, as the Board may determine; and

15 (b) at such rate per annum, and subject to such terms and conditions, as the Board may, with the approval of the Minister for Finance, determine.”.

Amendment of section 12

4. Section 12(2) of the principal Act is amended —

20 (a) by deleting the word “and” at the end of paragraph (a); and

(b) by deleting paragraph (b) and substituting the following paragraphs:

“(b) the interest payable to him under section 6(4); and

25 (c) any additional interest payable to him under section 6(4B).”.

Amendment of section 13

5. Section 13 of the principal Act is amended —

(a) by deleting subsections (4) and (5) and substituting the following subsections:

30 “(4) The Board shall credit to the accounts of a member specified in subsection (1), in such manner as the Minister may

direct, every contribution paid into the Fund for the member under —

- (a) section 7;
- (b) any regulations made under section 77(1)(e); or
- (c) such other provision as the Minister may prescribe.

(4A) The Minister may give different directions in respect of different classes of members under subsection (4).

(5) The Board shall credit to each account of a member the interest referred to in section 6(4) on the amount standing to the credit of the member in that account.

(5A) Where any additional interest is payable to a member under section 6(4B) —

- (a) the Board shall credit the additional interest into one or more of the member's ordinary account, medisave account, special account and retirement account (if any) in such manner as the Board may determine; and
- (b) the Board may make different determinations under paragraph (a) in respect of different classes of members.”;
- (b) by deleting the words “any interest which would have accrued” in subsection (7) and substituting the words “the whole or such part, as the Board may determine, of any interest that would have been payable”; and
- (c) by deleting the section heading and substituting the following section heading:

“Crediting of contributions and interest into subsidiary accounts, etc.”.

Amendment of section 20

6. Section 20(1) of the principal Act is amended by deleting the words “section 12(2)” and substituting the words “section 6(4) and (4B)”.

Amendment of section 21

7. Section 21 of the principal Act is amended —

- (a) by inserting, immediately after the word “purchase” in subsection (1)(a), (b) and (d)(i) and (ii), the words “or acquisition”;
- 5 (b) by deleting the words “the interest that would have accrued thereto” in the 20th and 21st lines of subsection (1) and substituting the words “the whole or such part, as the Board may determine, of the interest that would have been payable thereon”; and
- 10 (c) by inserting, immediately after the word “purchased” in subsection (1A), the word “, acquired”.

Amendment of section 21A

8. Section 21A of the principal Act is amended —

- 15 (a) by inserting, immediately after the word “purchase” in subsection (1)(a), (b) and (c)(i) and (ii), the words “or acquisition”;
- (b) by deleting the words “the interest that would have accrued thereto” in the 19th and 20th lines of subsection (1) and substituting the words “the whole or such part, as the Board may determine, of the interest that would have been payable thereon”; and
- 20 (c) by inserting, immediately after the word “purchased” in subsection (1A), the word “, acquired”.

Amendment of section 21B

9. Section 21B of the principal Act is amended —

- 25 (a) by inserting, immediately after the word “purchase” in subsections (1)(a), (b) and (d)(i) and (ii) and (3)(b), the words “or acquisition”; and
- (b) by deleting the words “the interest that would have accrued thereto” in the 23rd and 24th lines of subsection (1) and substituting the words “the whole or such part, as the Board may determine, of the interest that would have been payable thereon”.
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Amendment of section 22

10. Section 22(3) of the principal Act is amended by deleting the words “such withdrawals plus interest” in the 8th and 9th lines and substituting the words “sums withdrawn, together with the whole or such part, as the Board may determine, of the interest that would have been payable thereon,”.

Amendment of section 24

11. Section 24 of the principal Act is amended —

- 10 (a) by deleting the words “and 27H” in subsection (1) and substituting the words “, 27H and 57C”;
- (b) by deleting the words “section 77(1)” in subsection (1) and substituting the words “section 57F or 77(1)”;
- (c) by deleting the words “and section 16A” in subsection (3A) and substituting the words “, sections 16A and 57C and any regulations made under section 57F”; and
- 15 (d) by deleting the word “No” in subsection (4) and substituting the words “Subject to section 57C and any regulations made under section 57F, no”.

Amendment of section 25

20 12. Section 25 of the principal Act is amended by deleting subsection (5) and substituting the following subsection:

“(5) Any nomination made by a member of the Fund under subsection (1) shall be revoked —

- 25 (a) by his marriage, whether the marriage was contracted before, on or after 15th May 1980; or
- (b) in such other circumstances, and in such manner, as the Board may prescribe.”.

Amendment of section 27E

30 13. Section 27E(1) of the principal Act is amended by deleting the words “the interest that would have accrued thereto” in paragraphs (iii)(A) and (B) and (vi)(A) and substituting in each case the words “the whole or such part, as the Board may determine, of the interest that would have been payable thereon”.

Amendment of section 27F

14. Section 27F(1) of the principal Act is amended by deleting the words “the interest that would have accrued thereto” in paragraph (iii)(A) and substituting the words “the whole or such part, as the Board may determine, of the interest that would have been payable thereon”.

Amendment of section 43

15. Section 43(2) of the principal Act is amended by inserting, immediately after the words “together with”, the words “the whole or such part, as the Board may determine, of”.

Amendment of section 53

16. Section 53 of the principal Act is amended by deleting the word “treatment” and substituting the words “medical treatment or services”.

New Part VIA

17. The principal Act is amended by inserting, immediately after section 57, the following Part:

“PART VIA

WORKFARE INCOME SUPPLEMENT SCHEME

Interpretation of this Part

57A. In this Part —

20 “cash payment” means any cash payment made by the Government under the Scheme;

“eligible member” means a member of the Fund who is eligible to receive any cash payment or relevant contribution under the Scheme;

25 “relevant contribution” means any contribution to the Fund made by the Government under the Scheme;

“relevant regulations” means any regulations made under section 57F;

30 “Scheme” means the Workfare Income Supplement Scheme established under section 57B.

Establishment of Workfare Income Supplement Scheme

57B.—(1) There shall be established a scheme to be known as the Workfare Income Supplement Scheme for the purpose of supplementing the income of eligible members.

5 (2) The Board shall administer the Scheme on behalf of the Government.

Cash payments and contributions under Scheme

57C.—(1) Subject to subsection (4) and the relevant regulations, the Board may do either or both of the following:

- 10 (a) make a cash payment, to an eligible member, of such amount as those regulations may prescribe;
- (b) credit, to such account of an eligible member in the Fund as the Minister may direct, a relevant contribution of such amount as those regulations may prescribe.

15 (2) The Board may recover on behalf of the Government —

- (a) any cash payment made to a member of the Fund; and
- (b) any relevant contribution credited to any account in the Fund of a member of the Fund, together with the whole or such part, as the Board may determine, of any interest paid thereon,
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if —

- (i) the member has obtained the cash payment or relevant contribution by means of any false or misleading statement or any document that is false or misleading in any particular;
- 25 (ii) the member has contravened any provision of the relevant regulations; or
- (iii) the cash payment was made to the member, or the relevant contribution was credited to the account of the member, in error.

30 (3) Where the amount of any cash payment or relevant contribution received by an eligible member exceeds that which he is entitled to receive under the relevant regulations, the Board may recover on behalf of the Government the excess amount (together with the whole

or such part, as the Board may determine, of any interest paid on any excess amount of relevant contribution).

(4) Subject to the relevant regulations, on the death of an eligible member, the Board may do either or both of the following:

- 5 (a) make any cash payment which he would have been entitled to receive to his estate;
- (b) credit any relevant contribution which he would have been entitled to receive to such account of his in the Fund as the Minister may direct.

10 (5) Notwithstanding section 24(3A), on the death of a member of the Fund, the Board may recover on behalf of the Government —

- (a) from the member's estate, any cash payment made to him (prior to his death) or to his estate; and
- 15 (b) from the moneys payable out of the Fund on his death or from any person to whom any such moneys have been paid, any relevant contribution credited to any account of his in the Fund, together with the whole or such part, as the Board may determine, of any interest paid thereon,

if —

- 20 (i) the cash payment was made, or the relevant contribution was credited, in reliance on any false or misleading statement or any document that is false or misleading in any particular;
- (ii) he had contravened any provision of the relevant regulations; or
- 25 (iii) the cash payment was made to him (prior to his death) or to his estate, or the relevant contribution was credited to his account, in error.

(6) Notwithstanding section 24(3A), on the death of an eligible member —

- 30 (a) where the amount of any cash payment received by him (prior to his death) or by his estate exceeds that which he is or would have been entitled to receive under the relevant regulations, the Board may recover on behalf of the Government, from his estate, the excess amount of cash payment; and
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(b) where the amount of any relevant contribution credited to any account of his in the Fund exceeds that which he is or would have been entitled to receive under the relevant regulations, the Board may recover on behalf of the Government, from the moneys payable out of the Fund on his death or from any person to whom any such moneys have been paid, the excess amount of relevant contribution, together with the whole or such part, as the Board may determine, of any interest paid thereon.

(7) The Board may recover on behalf of the Government, from any cash payment or relevant contribution which an eligible member is entitled to receive, by set-off or otherwise, any amount due to the Government from the member.

(8) Subsections (2), (3), (5), (6) and (7) are without prejudice to any other right of action or remedy which the Board or the Government may have under any written law or rule of law.

(9) Any money recovered by the Board under subsection (2), (3), (5), (6) or (7) shall be refunded to the Government.

(10) Notwithstanding anything in this Part or the relevant regulations, no person shall have an absolute right to any cash payment or relevant contribution under the Scheme.

Recovery of cash payment, etc., upon conviction

57D.—(1) Where —

(a) a member of the Fund has received any cash payment, or any relevant contribution or interest thereon; and

(b) the member is convicted of an offence under section 58(a) or (d) or the relevant regulations in connection with the cash payment, relevant contribution or interest,

the court before which the conviction is had may, in addition to the fine prescribed under section 61 or penalty prescribed under the relevant regulations, order that the member pay to the Board the amount certified by an officer appointed by the Board in that behalf to be recoverable from the member, as at the date of the conviction, in respect of the cash payment, relevant contribution or interest.

(2) Section 61B(2) and (3) shall apply to an amount ordered to be paid under subsection (1) as it applies to an amount ordered to be paid under section 61B(1).

Certificate of Board on amount of cash payment, etc.

5 **57E.** In any proceedings before any court, tribunal, authority or person (including any proceedings for the recovery of any cash payment, or any relevant contribution or interest thereon), a certificate purporting to be issued by the Board certifying —

10 (a) the amount of any cash payment, or any relevant contribution or interest thereon, received by any member of the Fund or other person as at any date; or

15 (b) the amount recoverable from any member of the Fund or other person as at any date in respect of any cash payment, or any relevant contribution or interest thereon, received by the member or person,

shall be prima facie evidence that the amount so stated was received by the member or person or is recoverable from the member or person, as the case may be, as at that date.

Regulations for purposes of this Part

20 **57F.**—(1) The Minister may make such regulations as are necessary or expedient for the purposes of carrying out the provisions of this Part.

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

25 (a) the criteria to be satisfied by an eligible member and the waiver of any such criteria by the Board;

(b) the terms and conditions of the Scheme;

30 (c) the amount of cash payment or relevant contribution which an eligible member is entitled to receive, including different amounts for different classes of eligible members;

(d) the manner in which any cash payment is to be made to an eligible member, or any relevant contribution is to be credited to any account of an eligible member in the Fund, including the making of provisional payments or credits;

- 5 (e) the manner in which, and the processes (apart from those referred to in sections 57C and 57D) by which, any cash payment or relevant contribution (including any interest on the relevant contribution) received by a member, or any part thereof, is to be recovered, including recovery from —
- (i) any money standing to the credit of the member in the Fund; or
 - (ii) any cash payment or relevant contribution which the member may be entitled to receive subsequently;
- 10 (f) any restriction on the purposes for which any cash payment or relevant contribution may be utilised;
- (g) the consequences of contravening any provision of those regulations; and
- 15 (h) any act or omission referred to in, or in contravention of, those regulations to be an offence.”.

Amendment of section 72

18. Section 72 of the principal Act is amended by deleting the words “the interest thereon” and substituting the words “the whole or such part, as the Board may determine, of the interest paid on those contributions”.

Amendment of section 75

19. Section 75(1) of the principal Act is amended by deleting the words “any interest payable in respect of the excess contributions under section 6(4)” and substituting the words “the whole or such part, as the Board may determine, of any interest paid on the excess contributions”.

Amendment of section 76

20. Section 76 of the principal Act is amended —

- (a) by inserting, immediately after the words “relating to” in subsection (1), the word “members,”; and
 - (b) by inserting, immediately after the word “require” in subsection
- 30 (2), the word “members,”.

EXPLANATORY STATEMENT

This Bill seeks to amend the Central Provident Fund Act (Cap. 36) for the following main purposes:

- (a) to modify certain arrangements under the Act relating to interest (clauses 2(a), 3 to 6, 7(b), 8(b), 9(b), 10, 13, 14, 15, 18 and 19);
- (b) to extend the purposes for which a retirement account is maintained (clause 2(b));
- (c) to provide for the establishment of the Workfare Income Supplement Scheme and for matters connected therewith (clauses 11 and 17);
- (d) to extend the MediShield Scheme to cover the payment of costs incurred by an insured person for medical services received by him (clause 16); and
- (e) to empower the Central Provident Fund Board (the Board) to engage in the compilation of information relating to members (clause 20).

Clause 1 relates to the short title and commencement.

Clause 2 amends section 2(1) to define “additional interest”, and to replace the definition of “retirement account”, so as to allow the crediting to the retirement account of such contributions (including deemed contributions for the purposes of the Act) and interest as the Minister may direct.

Clause 3 amends section 6 —

- (a) to expressly enable the Board to declare different rates of interest for different parts of any amount standing to the credit of a member in any of his accounts in the Fund; and
- (b) to give the Board a discretion to pay interest in addition to that which the Board is required to pay under section 6(4).

The provisions on payment of interest now in sections 6(4) and 12(2)(b) are also consolidated.

Clause 4 makes amendments to section 12(2) that are consequential to the amendments to section 6 (by clause 3).

Clause 5 amends section 13 —

- (a) by inserting new subsections (5) and (5A) which specify how interest and additional interest, respectively, are to be credited to a member’s accounts in the Fund;
- (b) to empower the Board to determine whether to transfer back to a member’s medisave account the whole or part of any interest that would have been payable on an amount which had been transferred from the medisave account, if that amount had not been transferred from the medisave account;
- (c) to change the section heading to better reflect the scope of the section because of these amendments; and

(d) to consolidate subsections (4) and (5) by way of drafting improvements.

Clause 6 makes a consequential amendment to section 20(1) because of the amendments to sections 6 and 12(2) (by clauses 3 and 4, respectively).

Clauses 7(a) and (c), 8(a) and (c) and 9(a) amend sections 21(1) and (1A), 21A(1) and (1A) and 21B(1) and (3), respectively, to align those provisions with section 77(1)(h).

Clauses 7(b), 8(b), 9(b), 13 and 14 amend sections 21(1), 21A(1), 21B(1), 27E(1) and 27F(1), respectively, to empower the Board to determine whether to require the repayment of the whole or part of the interest that would have been payable on any amount withdrawn under section 21(1), 21A(1) or 21B(1), as the case may be, if the withdrawal had not been made.

Clause 10 amends section 22(3) to empower the Board to determine whether to require the repayment of the whole or part of the interest that would have been payable on all sums withdrawn under section 22(1).

Clause 11 amends section 24(1), (3A) and (4) to facilitate the recovery, under the new section 57C (inserted by clause 17) and any regulations made under the new section 57F (inserted by clause 17), of any cash payment or relevant contribution received by a member from any amount standing to the credit of the member in the Fund.

Clause 12 deletes and substitutes section 25(5) to expressly allow for the Board to prescribe the circumstances and manner in which a nomination made by a member under section 25(1) will be revoked. This will be in addition to the existing circumstance which is the member's marriage.

Clause 15 amends section 43(2) to empower the Board to determine whether the whole or part of the interest that would have been payable on the amount of premiums paid by a person whose cover under the Dependents' Protection Insurance Scheme has been cancelled will be refunded to his account in the Fund.

Clause 16 amends section 53 to extend the MediShield Scheme to cover the payment of the costs incurred by an insured person for medical services received by him, as is the case for the medisave account.

Clause 17 inserts a new Part VIA (comprising new sections 57A to 57F) as part of the Government's proposal to introduce measures to help Singaporeans work longer by rewarding work. The new Part VIA relates to the establishment of the Workfare Income Supplement Scheme (the Scheme) for the purpose of supplementing the income of eligible members, and provides for matters connected with the Scheme.

The new section 57A defines certain terms used in the new Part VIA.

The new section 57B provides for the establishment of the Scheme and for the Board to administer the Scheme on behalf of the Government.

The new section 57C provides for an eligible member to receive under the Scheme a cash payment of a prescribed amount, a contribution to the Fund (relevant contribution) of a prescribed amount to be credited to such of his accounts in the Fund as the Minister

may direct, or both. On the death of an eligible member, any cash payment which he would have been entitled to receive may be made to his estate, and any relevant contribution which he would have been entitled to receive may (notwithstanding his death) be credited to such of his accounts in the Fund as the Minister may direct. The Board is empowered to take such measures (but not institute legal proceedings) to recover, on behalf of the Government, the cash payment or relevant contribution (together with the whole or part, as the Board may determine, of any interest paid on the relevant contribution) in certain enumerated circumstances. The Board is also empowered to so recover, on behalf of the Government, any amount of cash payment or relevant contribution in excess of that which the member is entitled to receive under any regulations made under the new section 57F, together with the whole or such part, as the Board may determine, of any interest paid on any excess amount of relevant contribution. The Board is also similarly empowered to recover on behalf of the Government, from the cash payment or relevant contribution which an eligible member is entitled to receive, any amount due to the Government from the member. The amounts so recovered must be refunded to the Government.

The new section 57D provides an additional process for the recovery of any cash payment, or any relevant contribution or interest thereon, received by a member in a case where the member is convicted of an offence under section 58(a) or (d), or under any regulations made under the new section 57F, in connection with the cash payment, relevant contribution or interest.

The new section 57E provides for a certificate purporting to be issued by the Board certifying —

- (a) the amount of any cash payment, or any relevant contribution or interest thereon, received by any member or other person as at any date; or
- (b) the amount recoverable from any member or other person as at any date in respect of any cash payment, or any relevant contribution or interest thereon, received by the member or person,

will be prima facie evidence of the facts certified.

The new section 57F provides for the making of regulations for the purposes of the new Part VIA.

Clause 18 amends section 72 to empower the Board to determine the amount of interest paid on the contributions made to a public officer to be refunded to the Government.

Clause 19 amends section 75(1) to empower the Board to determine the amount of interest paid on the excess contributions on additional wages to be refunded to the person entitled to it.

Clause 20 amends section 76(1) and (2) to empower the Board —

- (a) to engage in the compilation of information of a statistical nature or otherwise relating to members; and
- (b) to require members to furnish such particulars as may be necessary.

EXPENDITURE OF PUBLIC MONEY

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