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Wednesday, 20th July, 2005

The House met at 1.30 pm

PRESENT:

Mr SPEAKER (Mr Abdullah Tarmugi (East Coast)).

Mr Ahmad Khalis Bin Abdul Ghani (Hong Kah).

Dr Ahmad Mohd Magad (Pasir Ris-Punggol).

Mr Ang Mong Seng (Hong Kah).

Mr Cedric Foo Chee Keng (West Coast).

Mr Alexander Chan Meng Wah (Nominated Member).

Mr Chay Wai Chuen (Tanjong Pagar).

Dr John Chen Seow Phun (Hong Kah).

Dr Ng Eng Hen: The answer is of course yes. Indeed, this is the focus of our Work-Life Programme. The Member brought up the fact that even outside prescribed legislation, employers are not obliged to give maternity-related benefits because they are not prescribed in law, but because of union representation, the employers have decided to give on their own. I laud these efforts. I think it is fair for them and if we continue to work in these efforts, when and if we change legislation, that it will not result in greater discrimination against female employees.

FOREIGN WORKERS

(Quota system of allocation)

2. Prof. Ivan Png Paak Liang asked the Minister for Manpower if he will consider changing the system of allocating foreign workers to one where the Government sets a national quota for each year and then auctions the rights to employ the foreign workers, and which also permits unrestricted re-sale of quotas and transfer of workers among employers.

Dr Ng Eng Hen: Mr Speaker, Sir, the Nominated Member is essentially proposing a COE-like system for foreign workers. In other words, he has suggested why not the Government sets the national quota for the foreign workers that we want and employers can bid and trade their rights to employ foreign workers, through auction.

From the purely economic point of view, such a free-market system using price as the only mechanism to distribute foreign workers is neater and more efficient. It is certainly simpler for the regulator. The Government decides the total number of foreign workers it can allow but leaves it to employers to decide how much they are willing to bid against others to meet their manpower needs. In other words, the one who bids the highest employs that number of foreign workers he wants.

We do use the foreign worker levy as a price mechanism to ration the supply of foreign workers.

But our foreign worker policies also have to take into account other non-economic considerations. In practice, we cannot always apply the same economic yardstick to different sectors and groups of workers. Indeed, this is so in all countries. In other words, no country that I know of practises or regulates foreign workers based on a purely

economic point of view because it is too artificial and workers are human beings, and you are allowing them through social contacts.

For example, in our system, we differentiate between Traditional Source (TS) and Non-Traditional Source (NTS) foreign workers, because Traditional Source foreign workers, for example, Malaysians fit more easily into our society and their social cost is lower. We generally allow Non-Traditional Source workers only in the construction and marine industries, because a large influx of less assimilable nationalities could impact our social rubric. Therefore, this is one instance where we do not apply only the price mechanism when we take into account non-economic reasons.

We complement the foreign worker levy with the dependency limit, as another tool to regulate foreign workers. Why? From a purely economic point of view, the Nominated Member may say this is inefficient. So why do we set a dependency limit on top of our foreign worker levy? We use the dependency limit because it can and does shape recruitment behaviour within companies. In other words, what we are saying is that, even if you are willing to pay more for foreign workers, you reach the limit. It is a hard limit and signals to human resource managers that they must have some proportion of Singaporeans within their companies' workforce. Many Members in this House have said that we have to assure Singaporeans of jobs and the dependency limit is a tool that we use to ensure that. In other words, for example, in the manufacturing sector, it is now 50%. You can only hire 50 foreign workers if, and it is a hard "if", you have 50 Singaporean workers. If we did not have that mechanism and said, "Well, you could just bid by price", you could have many situations where many companies could have 100% foreign workers because they are willing to pay for it. The dependency limit also gives us useful reassurance to Singaporeans that the foreign workers that we allow in are helping to increase the number of jobs for locals, because for every foreign worker that the company has to hire, he needs to hire a certain number of local workers.

However, I agree broadly with the Nominated Member that it is possible even given these non-economic considerations to streamline our schemes to make them more economically efficient, which is to allow businesses to meet their manpower needs more flexibly, without compromising our social objectives. However, we have to do this carefully, so as not to cause any sudden increases in costs for employers or surges in the foreign worker population here. For example, we have recently allowed manufacturing and services sector companies to exceed existing dependency limits but up to again a higher limit with effect from 1st July 2005, provided they pay a higher levy of \$500.

We will continue to monitor and review rules controlling the deployment of foreign workers, and from time to time discard those that do not serve any useful purpose.

Prof. Ivan Png Paak Liang (Nominated Member): Sir, I thank the Minister for his considered response to my suggestion. In June 29th *Straits Times*, it was reported that in the construction industry, building contractors are actively buying and selling foreign worker quotas. The going rate is \$2,000-\$3,000 a worker. In this light, I ask the Minister, would it not be better for this trade to be simply legalised and the revenue to go to the Government than some crooked building contractors?

Dr Ng Eng Hen: Sir, we should not confuse enforcement with the primary policy tool. And indeed, if there are infringements, then let us deal with the enforcement. Contractors know that if someone spills the beans on them, they risk being put out of business because they will be banned from hiring any more foreign workers. It could be a lifetime ban. And if they do not have access, especially contractors who traditionally use a high proportion of foreign workers, if they are disallowed to have MYEs or employ foreign workers, it basically means that they are out of business. If they want to risk this, we will step up enforcement and if they are caught, then they risk that. So that is the enforcement aspect. Because they want to infringe on our rules, I do not think we should say that we should now change the whole system so that we will collect the revenue that goes to someone else. I think from time to time, we have to tweak the system in response.

As Members may know, recently, we have allowed workers in the construction industry who have worked here for more than six years to be employed outside the MYE system. So, indeed, there is a recourse for contractors and subcontractors not to buy these MYEs. All they need to do is to find workers who have worked here for six years or more and they can employ as many workers as they like. So, from time to time, we will refine the system. But I think the primary system is a sound one. It helps us regulate the total proportion of foreign workers, and it also helps us meet our social objectives.

Mdm Halimah Yacob: Sir, would the Minister agree that auctioning foreign workers in the manner suggested is quite demeaning for the foreign workers because it amounts to auctioning human beings? My second question is, if we allow unrestricted transfer of

foreign workers, that would also undermine our efforts and job redesign in certain areas?

Dr Ng Eng Hen: Sir, Mdm Halimah Yacob has stated a very sensible view which unionists globally and even lay people would hold that, while it may be economically sensible and efficient to have an auction-like system, you are still dealing with workers, and it would be hard to explain to people why you are using this system. So, as I said, while in principle the theory that it is more economically efficient to use price may be attractive, in real life, you may bring on many more problems that you did not anticipate. So I think our current system is a robust one. It helps us to adjust from time to time what we need. And, as I have replied to the NMP, I think we have to make minor changes, but the system on the whole is quite sound.

INTEGRATED RESORTS

(Eco-friendly and energy-saving requirements)

3. **Dr Geh Min** asked the Minister for Trade and Industry as the Integrated Resorts are intended to be iconic developments appropriate to Singapore's clean and green image, will the Singapore Tourism Board include eco-friendly technology and energy-saving requirements for these developments in their tender document.

The Minister of State for Trade and Industry (Mr Heng Chee How) (for the Minister for Trade and Industry): Mr Speaker, Sir, the Integrated Resorts (IRs) will be required to comply with URA's planning requirements for the sites, including the provision of greenery and open spaces, as well as BCA's building regulations on energy-saving design. The IRs can also make use of existing Government schemes to promote greenery and eco-friendly features, such as BCA's Green Mark for Buildings Industry Programme and URA's Gross Floor Area exemption incentives for sky terraces and roof gardens.

Beyond that, our preference is to give IR developers as much space as possible to exercise their creativity and imagination to make the IRs distinctive developments that will boost Singapore's attractiveness as a tourism destination.

Dr Geh Min: Sir, can I ask the Minister of State, in view of the fact that the IRs are very, very high profile developments, not just any other development in Singapore, they

overseas and I stay here for three weeks, and every week I see a charity show, what would be the impression conveyed to a visitor from overseas. [*Interruption.*] Well, it could be that we are a begging nation. So, in that sense, should there be more regulation?

Mr Speaker: Your second question?

Assoc. Prof. Ong Soh Khim: The Minister said that the charity has to apply for permission from MHA to carry out such shows. Can I know what are the factors considered in giving them the permission?

Mr Khaw Boon Wan: First, I must object to the statement that we only have one TV station. Several years ago, as a hobby, I chaired the Singapore Cable TV, and we brought in many channels that there are now so many channels at home that viewers can watch. As to what the visitors will feel, I think she has already heard the reply from the House.

The second question as to what are the criteria by the Ministry of Home Affairs, can the Member please file a Question?

2SG HU ENHUAI

(Compensation to family and disciplinary action against personnel involved)

14. **Prof. Ivan Png Paak Liang** asked the Minister for Defence if he will brief the House on any compensation and disciplinary action taken in the August 2003 "Commando dunking" saga, specifically, (a) whether the family of Sergeant Hu En Huai has taken legal action and, if so, the outcome; (b) what compensation has been paid to the family of Sergeant Hu; and (c) what disciplinary action has been taken against the responsible military personnel who were not subject to criminal penalties and those who were subject to criminal penalties.

The Minister for Defence (Mr Teo Chee Hean): Mr Speaker, Sir, I will first answer the question of compensation to the family of 2SG Hu Enhuai.

MINDEF has a framework for compensation which provides for fair and reasonable compensation for a serviceman who suffers injury or death which is attributable to service. Let me explain the various components of this framework. First, the SAF (Pensions) Regulations provide for a National Serviceman and his family to be compensated in line with the compensation scheme set out in the Workmen's Compensation Act, which provides for compensation of up to S\$111,000 in the event of death. Beyond this, as I informed Parliament at the Committee of Supply debate last year, MINDEF has decided to treat National Servicemen on par with regular soldiers for the purpose of compensation. This means that for deaths due to military service, we will provide an additional lump-sum payment of a minimum of one year's pay for a regular of the same rank. MINDEF can also grant additional compensation where the circumstances merit such additional compensation. The principles that MINDEF applies in computing the compensation amount are consistent with the legal principles applied by the civil courts in assessing compensation for deaths.

In the case of 2SG Hu Enhuai, MINDEF had offered a comprehensive package of financial compensation to his family in line with the above principles. 2SG Hu's family has accepted this compensation, and has not taken any legal action. It would not be appropriate for MINDEF to disclose the amount of the compensation that has been made to 2SG Hu's family.

Our servicemen are also encouraged to join the SAF's Group Insurance Scheme. 2SG Hu was insured under this scheme and the insurance was paid to his family in 2003. This scheme provides affordable coverage at premiums of \$16 per month for every \$100,000 of coverage. The maximum amount of coverage is \$400,000. 2SG Hu's family also had access to the SAF Welfare Fund, which assists with funeral expenses and provides benevolent funds.

Prof. Png has also asked about the disciplinary action that has been taken against the SAF personnel connected to the death of 2SG Hu. Following the completion of the cases in the criminal court, MINDEF has since completed the disciplinary actions against all

those involved to bring this tragic case to a close.

First, I would like to explain that the Attorney-General's Chambers has primary jurisdiction over whether to proceed with criminal charges. The Attorney-General's Chambers decided to proceed with criminal charges against four servicemen, and they were all subsequently convicted - two of causing death by a rash act and the other two of abetment of a rash act causing death. LTA Divanand and LTA Ng Chin Fong were sentenced to nine months imprisonment each. CPT Pandiaraj and 2WO Balakrishnan appealed against their conviction but their appeals were recently dismissed by the Chief Justice, and CPT Pandiaraj was sentenced to 12 months' imprisonment while 2WO Balakrishnan was given six months' imprisonment.

Following their sentencing by a district court on 14th January 2005, the SAF discharged LTA Divanand and LTA Ng Chin Fong from service with effect from 3rd March 2005, after the deadline for them to file an appeal expired. The cases for the discharge of CPT Pandiaraj and 2WO Balakrishnan from the SAF are now being processed.

Apart from the four servicemen who were dealt with in the criminal court, the investigations had revealed that three other servicemen had committed military offences directly connected to this case. These three were court-martialled on 15th April 2005. They pleaded guilty to negligently performing their duties. The court martial was presided over by a district judge, and there are two other members who are SAF officers. LTA Ryan Toh and LTA Shashi Kumar were fined \$1,500 each, and SSG Tan Tian Huat was fined \$900.

The investigations had also found shortcomings in the performance of seven other servicemen in relation to the supervision or the conduct of the Combat Survival Training course as a whole, but not directly related to the actions against 2SG Hu.

Disciplinary action, ranging from fines to Letters of Warning, was taken against them.

Prof. Ivan Png Paak Liang: I thank the Hon. Minister for his detailed reply. I have two supplementary questions. First, I thank the Hon. Minister for the explanation on the compensation scheme. I wonder if the Ministry can take into account that NSmen are there on a compulsory basis. And while it does seem good to treat them on the same basis as regular servicemen, this is not the NSmen's career of choice. That man may well become an engineer, a lawyer or even a Minister in the future. So, maybe, the basis of compensation is not quite right, and the Ministry may like to reconsider it.

I thank the Minister for the explanation on the charges taken against the servicemen who are not charged in criminal court. It does seem to me a bit odd that their charge was "negligence". From all accounts, this was a deliberate act and it was not a negligent act. I appreciate the Minister's comment on that.

Mr Teo Chee Hean: Sir, if I may explain the principles of compensation. When I said that we treat a National Serviceman on the same basis as a regular, what I was referring to was for the purposes of pensions. Because a regular, when he serves in the Armed Forces, if he were to pass away, there will be certain pension benefits due to him because of his service. Therefore, we treat a National Serviceman on that basis. However, on the overall compensation that is provided, the principles are consistent with the legal principles applied by the civil court in assessing compensation for deaths. So the other factors that **Prof. Png** brought up will be taken into consideration in that overall compensation.

With regard to what charges to be preferred against the individuals, as I explained, the Attorney-General's Chambers has primary jurisdiction, and the Attorney-General decided who to prosecute and on what charges. As regards the remaining cases, these cases were prosecuted according to the facts of the case that were available.

CAR ALLOWANCE FOR SENIOR CIVIL SERVANTS

(Tax exemption)

15. **Prof. Ivan Png Paak Liang** asked the Prime Minister and Minister for Finance if he will cancel the tax exemption for two months' salary of car allowance paid to senior civil servants, as this is inconsistent with a transparent compensation policy and taxation system, and causes an economic distortion in favour of high-income civil servants to the disadvantage of the private sector.

Mr Teo Chee Hean (for the Prime Minister and Minister for Finance): Mr Speaker, Sir, the Car Allowance Scheme for Senior Civil Servants was introduced in 1989 as part of the move towards a clean wage policy: it replaced the earlier scheme where eligible officers were provided with a car, which also was tax free. Hence, the tax-free element was carried over. The allowance was kept tax-free as a way to equalise with the private sector which tended to have equivalent benefits for their executives which also were not fully taxed at that time.

However, in 1994, when we moved Public Service salaries to benchmark against the private sector, we imputed the tax on the car allowance when the Public Service Division computes the total remuneration package for senior officers in salary benchmarking against private sector salaries using IRAS data. Hence, it is not the tax-free allowance that is used in the computation of the total remuneration package for benchmarking but the imputed tax is also included in calculating the total remuneration package. Hence, the tax exemption does not cause a distortion in favour of senior civil servants over the private sector.

The structure of senior public sector salaries was last revised and debated in this House in 2000 and the various components of the salary, including the car allowance, which is calculated with the imputed tax, are listed. So, that is all in the public domain.

As this imputed tax already enters into the benchmarking of salaries, MOF and PSD are currently reviewing the scheme with a view to making the tax element in the Car Allowance Scheme explicit rather than implicit. If this is done, it will not result in any change to either the benchmarking or net after-tax salaries, since the imputed tax was

already included.

Mr Speaker: Miss Penny Low, we have one minute left.

CYCLING

(Plans to encourage)

16. **Miss Penny Low** asked the Minister for Transport if there is any plan to encourage cycling as a form of cheap short distance transport and healthy living among Singaporeans and, if so, (i) what are its plans and, if not, (ii) why not.

The Minister of State for Transport (Mrs Lim Hwee Hua) (for the Minister for Transport): Mr Speaker, Sir, in land scarce Singapore, road space is limited and should be used for the efficient movement of people and goods. Hence, my Ministry's focus is to promote and give priority to mass transport such as the MRT and buses, as they are efficient in moving large numbers of commuters. Nonetheless, cyclists are not precluded from our roads, and it is not uncommon to see some cyclists at most times of the day.

But we have to be realistic. Our hot weather, coupled with frequent rain showers, does not encourage many to cycle as part of their regular commute to work. Another reason is that there are bus stops or MRT stations within walking distance of the homes and work places of most people. Bus stops are generally located within 400 metres of a development, while MRT stations are usually located within the heart of housing estates or close to commercial centres.

Having said that, we do make provision for those who use bicycles for short journeys, for example, to nearby MRT stations.

Mr Speaker: Order. End of Question Time.

[Pursuant to Standing Order No. 22, Written Answer to Question No. 16 on the Order Paper is reproduced in the Appendix. Question Nos. 8 and 17 have been postponed to*