

**Volume 80
No. 17**



**Monday
13th February, 2006**

PARLIAMENTARY DEBATES SINGAPORE

OFFICIAL REPORT

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Presented, and read the First time

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Read a Second time; considered in Committee; reported without amendment;
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PARLIAMENTARY DEBATES SINGAPORE

OFFICIAL REPORT

TENTH PARLIAMENT

PART II OF SECOND SESSION

VOLUME 80

Monday, 13th February, 2006

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).

Dr Balaji Sadasivan (Ang Mo Kio), Senior Minister of State, Ministry of Information, Communications and the Arts and Ministry of Health.

Mr Cedric Foo Chee Keng (West Coast).

Mr Alexander Chan Meng Wah (Nominated Member).

Mr Chan Soo Sen (Joo Chiat), Minister of State, Ministry of Education and Ministry of Trade and Industry.

Mr Chay Wai Chuen (Tanjong Pagar).

Dr John Chen Seow Phun (Hong Kah).

Mr Chew Heng Ching (East Coast), Deputy Speaker.

Mr Steve Chia Kiah Hong (Non-Constituency Member).

Mr Chiam See Tong (Potong Pasir).

Assoc. Prof. Chin Tet Yung (Sembawang).

Mr Charles Chong (Pasir Ris-Punggol).

Mr Davinder Singh (Bishan-Toa Payoh).

Mr Arthur Fong (West Coast).

Mr Gan Kim Yong (Holland-Bukit Panjang), Minister of State, Ministry of Education and Ministry of Manpower.

Mr Andy Gan Lai Chiang (Marine Parade).

Dr Geh Min (Nominated Member).

Mr Goh Chok Tong (Marine Parade), Senior Minister, Prime Minister's Office.

Mr Hawazi Daipi (Sembawang), Senior Parliamentary Secretary to the Minister for Education and Minister for Manpower.

Mr Heng Chee How (Jalan Besar), Minister of State, Ministry of National Development.

Mdm Ho Geok Choo (West Coast).

Assoc. Prof. Ho Peng Kee (Nee Soon East), Senior Minister of State, Ministry of Law and Ministry of Home Affairs.

Mr Inderjit Singh (Ang Mo Kio), Deputy Government Whip.

Ms Indranee Rajah (Tanjong Pagar).

Prof. S Jayakumar (East Coast), Deputy Prime Minister, Coordinating Minister for National Security and Minister for Law.

Mr Khaw Boon Wan (Tanjong Pagar),
Minister for Health.

Dr Amy Khor Lean Suan (Hong Kah).

Assoc. Prof. Koo Tsai Kee (Tanjong Pagar),
Senior Parliamentary Secretary to the
Minister for Defence and Minister for the
Environment and Water Resources.

Dr Lee Boon Yang (Jalan Besar), Minister
for Information, Communications and the
Arts and Government Whip.

Mr Lee Hsien Loong (Ang Mo Kio), Prime
Minister and Minister for Finance.

Mr Lee Kuan Yew (Tanjong Pagar),
Minister Mentor, Prime Minister's Office.

Dr Warren Lee (Sembawang).

Mr Lee Yock Suan (East Coast).

Mr Leong Horn Kee (Bishan-Toa Payoh).

Mr Lawrence Leow Chin Hin (Nominated
Member).

Mr Lim Boon Heng (Jurong), Minister,
Prime Minister's Office.

Mrs Lim Hwee Hua (Marine Parade),
Minister of State, Ministry of Finance and
Ministry of Transport.

Mr Raymond Lim Siang Keat (East Coast),
Minister, Prime Minister's Office, Second
Minister for Finance and Second Minister
for Foreign Affairs.

Mr Lim Swee Say (Holland-Bukit Panjang),
Minister, Prime Minister's Office and
Deputy Government Whip.

Mr David T E Lim (Holland-Bukit Panjang).

Mr Loh Meng See (Jalan Besar).

Miss Penny Low (Pasir Ris-Punggol).

Assoc. Prof. Low Seow Chay (Chua Chu
Kang).

Mr Low Thia Khiang (Hougang).

Mr Mah Bow Tan (Tampines), Minister for
National Development and Deputy Leader
of the House.

Mr Matthias Yao Chih (MacPherson).

Encik Mohamad Maidin B P M (Marine
Parade), Senior Parliamentary Secretary
to the Minister for Home Affairs.

Dr Mohamad Maliki Bin Osman
(Sembawang), Parliamentary Secretary to
the Minister for Community
Development, Youth and Sports and
Minister for National Development.

Dr Lily Neo (Jalan Besar).

Dr Ng Eng Hen (Bishan-Toa Payoh),
Minister for Manpower and Second
Minister for Defence.

Ms Irene Ng Phek Hoong (Tampines).

Ms Eunice Elizabeth Olsen (Nominated
Member).

Mr Ong Ah Heng (Nee Soon Central).

Dr Ong Chit Chung (Jurong).

Mr Ong Kian Min (Tampines).

Dr Ong Seh Hong (Aljunied).

Assoc. Prof. Ong Soh Khim (Nominated
Member).

Mr Othman Haron Eusofe (Marine Parade).

Mdm Cynthia Phua (Aljunied).

Prof. Ivan Png Paak Liang (Nominated
Member).

Mr R Ravindran (Marine Parade).

Mr S Iswaran (West Coast), Deputy
Speaker.

Mr Seng Han Thong (Ang Mo Kio).

Mr Sin Boon Ann (Tampines).

Dr Tan Boon Wan (Ang Mo Kio).

Dr Tan Cheng Bock (Ayer Rajah).

Mr Tan Soo Khoon (East Coast).

Dr Tan Sze Wee (Nominated Member).

Mr Teo Chee Hean (Pasir Ris-Punggol),
Minister for Defence.

Dr Teo Ho Pin (Holland-Bukit Panjang).

Mr Teo Yock Ngee (Nominated Member).

Oral Answers to Questions

Dr Vivian Balakrishnan: I do not think it will impact the preparation of the four remaining bidders, because the four of them are all world-class companies, they are all capable of generating what I believe is a compelling plan. With four bidders in the fray, there is more than sufficient competition to ensure that they have to put up good value.

GST COLLECTIONS BY CUSTOMS AUTHORITIES

(Discrepancy)

11. **Prof. Ivan Png Paak Liang** asked the Prime Minister and Minister for Finance (a) how can the Customs authorities mistakenly combine two months' GST collections into the May 2004 figure; (b) why no one in Customs, IRAS, their supervising Ministry or statistical agencies noticed the discrepancy until much later; (c) why was the May 2004 figure "corrected" by adjusting the March 2005 figure; (d) whether the discrepancy and correction had been announced prior to the *Straits Times* report; (e) who are responsible and what action has been taken against them; and (f) what action has been taken to render our statistical collection more robust.

The Second Minister for Finance (Mr Raymond Lim Siang Keat) (for the Prime Minister and Minister for Finance): Sir, the officer who submitted the May 2004 GST figure for collections by Singapore Customs had a computer spreadsheet which showed monthly collections as well as cumulative collections from the beginning of the financial year. She inadvertently picked the cumulative April and May 2004 collections to submit to IRAS. It was a "data translation" error. Thus, she reported the collection for May 2004 as \$419 million instead of the correct figure of \$211 million, an overstatement of \$208 million.

IRAS and MOF did not immediately detect the over-reporting in May 2004, as

that month's collection did not show any extraordinary increase over the same period in 2003. The total GST collections by IRAS and Singapore Customs amounted to \$938.5 million for May 2004. Although this figure was 28.5% higher than the May 2003 collection of \$730.5 million, the increase was within expectations due to the increase in GST rate from 4% to 5% on 1st January 2004. Furthermore, import GST is only a part of the total GST collection, which varies widely from month to month due to its cyclical nature. The error was only picked up during an audit in April 2005.

When IRAS was informed of the mistake, IRAS took immediate action to amend the error. The IRAS officer simply reduced the March 2005 figure by the sum of \$208 million, instead of reporting the correct March 2005 figure and amending the May 2004 figure. He thought what was critical was to ensure that the overall collection figure for the whole of the financial year would be correct, not realising the importance of correct monthly figures too.

Given the sequence of events, it is plain that the corrections had been done immediately in April 2005, but in the wrong way. I would like to assure Singaporeans that the GST collection in the Government accounts for the financial year 2004/2005 has been audited and correctly accounted for. The reporting errors did not arise from a data system failure but from human errors. The first error by Singapore Customs was a straight mistake of picking the wrong figure from the computer spreadsheet. The second error by IRAS was an error of judgment in the course of trying to correct the mistake by Singapore Customs. While the errors gave wrong figures for the months of May 2004 and March 2005, the errors completely offset each other. The total figure for financial year 2004/2005 was correct.

Oral Answers to Questions

There is no question of Singapore Customs or IRAS trying to fudge or cover up their mistakes. In particular, there is no reason for the IRAS officer to try to conceal the error, as the error was neither his nor IRAS'. The Customs and IRAS officers were both diligent and competent officers. They and their agencies have learnt from their mistakes and will be extra careful in future.

Prof. Ivan Png Paak Liang (Nominated Member): Mr Speaker, Sir, in the original Question, I asked whether this discrepancy and the correction had been announced prior to the *Straits Times* report.

Mr Raymond Lim Siang Keat: No. As I said, what the officer did was simply to correct the March 2005 figure, without realising that it is important that both monthly figures should be corrected and dutifully announced. He did not do that.

Prof. Ivan Png Paak Liang: Sir, in future, if such a discrepancy arises and the correction is wrong and then it is noticed, would it not be better if this were announced before it was found out by the newspapers? Would it not be better if the Ministry were to announce this than for this to be discovered by the *Straits Times*?

Mr Raymond Lim Siang Keat: I agree that they should have done so. The reason why it was not notified was that it was an error of judgment on the part of the officer. He thought that, by just adjusting the figure, the financial year figure would be correct. That is the reason why he did not make the announcement. He thought that that was what he was supposed to do with the yearly figure. I agree that, if there is a mistake, we should notify it, because our national statistics are important and we should ensure that they are as accurate as possible.

Mr Steve Chia Kiah Hong: Sir, was the Minister informed by the officer of such an adjustment, and did the Minister actually make the decision not to inform the press about it beforehand?

Mr Raymond Lim Siang Keat: I do not think issues like this get escalated to my level. I think this is something which IRAS deals with. But I agree that, as a matter of principle, when there is a mistake, we should notify, so that everybody who uses the statistics knows that there is an error and there is a correction. I agree with that.

ESTATE DUTY

12. **Prof. Ivan Png Paak Liang** asked the Prime Minister and Minister for Finance (a) what is the cost to taxpayers in terms of time and money of complying with the estate duty filing requirements; (b) whether his Ministry will raise the \$50,000 limit on estates that can be managed by the Public Trustee; (c) whether estate duty can legally be avoided by investing in bungalows worth less than \$9 million and renting them out for income; and (d) whether his Ministry is working towards equalising the exemptions for residential property with other assets.

Mr Raymond Lim Siang Keat (for the Prime Minister and Minister for Finance): Mr Speaker, Sir, we have been simplifying the estate duty process over the past few years to make it easier for those who have to pay estate duty. Few are actually affected, since 80% of deaths each year do not go through the probate or estate duty process and, for the 20% which go through the probate process, the majority are non-dutiable and take between two and six months to complete the probate process. Only 3% of deaths actually pay estate duty.

A person can invest in a few residential properties up to the aggregate

[Mr RAYMOND LIM SIANG KEAT]

\$9 million exemption limit for residential properties, but his rental income could eventually still form part of his other assets, which are subject to the \$600,000 limit. Mr Png alludes to the point that the \$9 million limit is perhaps too high, while the \$600,000 exemption limit is relatively low, and this biases investment choices. We will take note of his concern, but it is also not a simple matter to equalise the two since we must look for a solution that is equitable and does not drastically impact revenues at the same time.

The Public Trustee has been administering the estates of deceased persons not exceeding \$50,000 in value, as provided for under the Probate and Administration Act for a number of years. The Ministry of Law, which supervises the Public Trustee's office, is currently reviewing the ceiling of \$50,000 to assess if the sum of \$50,000 is still a relevant sum in today's context or whether it should be raised to a higher sum.

Prof. Ivan Png Paak Liang: Mr Speaker, Sir, would the hon. Minister not agree that the \$600,000 invested, say, at 3%, yields only \$18,000 a year, whereas \$9 million invested in housing will yield a much larger income? This imbalance will really encourage people to invest in real estate rather than in productive investments, such as businesses and factories.

Mr Raymond Lim Siang Keat: I agree that the difference would cause a certain bias in investment choices. I accept that. The issue is how do we balance it. This is something that we review constantly and we will take note of the point that the Member made. I think he had made the point before. We have taken note of that. And in my Ministry, we constantly look at these things. What is important is that

even if we start to equalise it, we want to ensure that the amount of revenue we get is not severely impacted, and to review holistically within the whole tax system, how best to get the sums right.

MEDISAVE

(Withdrawal limits)

13. **Dr Tan Sze Wee** asked the Minister for Health (a) whether, with advances in medical science resulting in shorter hospital stays and more day surgeries, the higher Medisave daily withdrawal limits will translate into patients paying a smaller proportion of hospital charges out of their own pockets; (b) whether the Ministry will consider having a higher limit for the first few days of hospital stay; and (c) whether the Ministry will consider reviewing the limits for surgical procedures, which are based on the Table of Surgical Procedures (TOSP) which has largely been unchanged since its launch more than 10 years ago.

The Minister for Health (Mr Khaw Boon Wan): Mr Speaker, Sir, from 1st April, patients will be able to withdraw from their Medisave accounts to pay for their hospitalisation at a higher daily withdrawal limit of \$400. This is a substantial increase from the current rate of \$300.

Dr Tan asked if the higher Medisave withdrawal limit would mean patients paying less of their hospital bills out of their pockets. The answer is yes. Indeed, that is the objective of the exercise.

Current Medisave withdrawal rules were set with Class B2/C patients in mind and this should remain the primary objective of Medisave.

However, incrementally, for the middle-income group who have larger Medisave balances and would normally use Class A/B1 wards or private hospitals, we should allow them to use more of their

WRITTEN ANSWERS TO QUESTIONS**INSOLVENCY AND PUBLIC TRUSTEE'S OFFICE****(Publishing of personal information)**

1. **Prof. Ivan Png Paak Liang** asked the Deputy Prime Minister and Minister for Law if he will direct the Insolvency and Public Trustee's Office not to publish full names and identity card (IC) numbers in the newspapers so as to protect the privacy of personal information such as IC numbers.

Prof. S. Jayakumar:

By its nature, bankruptcy proceedings have to be conducted in public view with no uncertainty over the identity of the persons involved.

When a person is adjudged a bankrupt, the Official Assignee who administers the bankrupt's estate has a duty to advertise the bankruptcy of the person with his full name and NRIC No. for a number of reasons. Firstly, it would enable persons holding on to the bankrupt's assets to ascertain the bankrupt's identity and surrender these assets to the Official Assignee for distribution to the creditors. Secondly, it serves to inform the creditors and the general public not to extend any fresh or further credit to the bankrupt or to enter into any transactions with the bankrupt which may be set aside or be made void to the detriment of the lender. Thirdly, it will ensure that persons with similar names are not wrongly identified as being insolvent and dealt with as such by other parties.

IN-VEHICLE UNIT**(Use for car parking applications)**

2. **Prof. Ivan Png Paak Liang** asked the Minister for Transport if there is any progress towards adapting the in-vehicle unit (IU) so that the cashcard can be used for streetside parking and in car parks where it is not cost-effective to build an ERP-type gantry.

Mr Yeo Cheow Tong:

The Electronic Road Pricing (ERP) technology has been adapted for car parking applications. It has been applied at enclosed car parks with designated entry and exit points. ERP antennae would be positioned at the entry and exit points of the car parks to record the entrance and exit times of vehicles. The car parking charges are then deducted from CashCards inserted in the in-vehicle unit (IU) as the vehicles leave the car park.

Prof. Ivan Png has asked about the application of the current ERP technology for use in streetside car parking, such as those along a road. The Land Transport Authority is open to working with the relevant agencies to provide assistance to assess the technical feasibility of adapting ERP technology for streetside parking in unenclosed areas. However, whether this is eventually implemented or not will depend on whether these agencies find it operationally practical and cost-effective to replace their current car parking systems with such technology.