

DEBATE ON THE CONSTITUTION OF THE REPUBLIC OF SINGAPORE (AMENDMENT) BILL

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Mr Speaker, Sir,

- I fully agree with the position of the Minister in his 2nd reading speech that “ A country’s reserves are a key asset in a globalised and uncertain world.”

- idea of redefining NII was first raised by our PM in 2006

- to include realized capital gains

- well before global financial crisis we see today

- certainly not a knee jerk reaction to or spontaneous remedy for the global financial crisis but certainly gives comfort to Singaporeans that government has a slew of initiatives and a

multi-pronged strategy to keep our economy competitive and the infrastructures modern

- who would have thought that an initiative mooted in 2006 would have been so welcome at its time of launch in 2008?
- I wish to raise four points in the debate:

Point 1:

The proposed Article 142(1A)(a) of the Constitution states *“before the start of any financial year, the President acting in his discretion, concurs with the advice of the Minister responsible for finance on the **long-term** real rates of return which are **expected** to be earned...”*

However, I searched through the Amendments, and was unable to find a definition for “long-term” or “expected. I did find a

definition for “real rate of return”, which refers to adjustment for inflation, deflation, and deduction of expenses. However, this does not give us a definition of “long-term” or “expected”.

Hence my question to the Minister is, how does this Ministry for Finance define “long-term” and “expected”? I know the Minister has said “we are estimating what actual returns in the years ahead will look like when averaged out over the long term.” But I ask for a better definition of “expected long term” because the past 11 years have seen unprecedented upheavals in the global economy. Starting with the Asian economic crisis in 1997, then September 11, then SARs in 2003 and now the word economic crisis in 2008. With this in mind, I ask the Minister for his clarification on how the projection of “long-term” and “expected” is calculated. And if there is a formula for projection, would the Minister consider adding this in the amendments for the sake of certainty and predictability.

Point 2

The proposed Article 142(1A)(b) of the Constitution states that the Minister will certify “*under his hand to the President the spending limit for that financial year, specifying an amount which **shall not be more than 50%...***”

My question is, how will the Minister calculate what the amount shall be within the cap of 50%? There is a vast difference between, say, 10% and 45%. Hence I wish to enquire on the considerations the Minister will bear in mind when deciding which percentage to use up to the maximum of 50%.

Point 3

This is a clarification I wish to ask. Once the President has assented to \$X money being spent, has the Minister the discretion or ability to decide how much of that \$X he will spend in the year?

Or must he spend the full amount? The reason I ask is the economic outlook could change dramatically in the space of a few months – will the Minister be bound to spend the full \$X? Or can he spend less than the full amount if the global position has changed? Must he wait till the following year before he can ask the President for a different, for example, lower amount of money?

Point 4 relates to what this additional money should be used for.

There seems to have been a lot of discussion and excitement on the use of this money for social infrastructure. While I am fully in favour of improving our social infrastructure in these capricious times, through worthy programmes like WIS and ComCare, I would urge the Government and the House to remember the other areas of infrastructure that are in need of funds. For example, our healthcare infrastructure requires funds for our ageing population. There is also the need to invest in R&D, and our education infrastructure so that we can educate our young. Not to mention the

need for job retraining and investment in our physical infrastructure.

Hence my last point is to emphasise that it is not only our social infrastructure that needs this injection of funds. There is also a need to invest in long term infrastructure development in other areas of this nation.

With that, I support the Bill principally because it displays how the Government has a multi-pronged strategy to keep our economy competitive and our infrastructure modern.