

**MR THOMAS CHUA, PRESIDENT OF SCCC,**  
**NOMINATED MEMBER OF PARLIAMENT**  
**AT PARLIAMENT SITTING ON 10 October 2016**

**CPF (Amendment) Act**

1. Mdm Speaker, the CPF system is Singapore's important social security foundation. It has been successfully operating for more than 60 years. In order to ensure that this system could keep pace with changes, and continue to function effectively, I believe it is necessary to make amendments to the CPF Act.
2. However, we need to take note of two fundamental principles in making amendments to the system. Firstly, the CPF is a retirement scheme which addresses housing, healthcare, and children's education needs. Essentially it safeguards the quality of the lifestyle of an individual and that of the household. From this perspective, the CPF has to adopt a proper and stable management model that is not easily vulnerable to risks.
3. It is commonly said that "Investment always carry risks and one needs to proceed with caution." There is no business that only earns profits and suffers no losses. Even the most savvy investor may plunge into losses in a volatile and uncertain market. In July this year, Temasek Holdings announced that in the 2016 financial year, shareholder returns came in at a negative 9%, stirring up much public debate. But looking at the ten-year period, Temasek still performs very well overall. Investment is a specialised area of expertise. If even Temasek with its very professional team of researchers could also end up with losses, we cannot expect the small everyday investor to remain unscathed. Thus, it is critical for the investment of CPF monies to be handled with extreme caution, as this would have a great impact on retirement plans and social stability. From a business standpoint, we hope that our staff work very hard when they are young, and that they could enjoy their twilight years after retirement. We do not wish to see our employees liberally use CPF funds to invest, and have this affect their mood and work should they suffer investment losses.
4. The second principle is that CPF is part of the worker's salary. Every worker needs to contribute CPF; the employer has to contribute CPF on behalf of his workers too. Hence, whether you are a local employer or an overseas investor, CPF contributions should always be taken into account when computing business overheads.
5. I recall this saying: "The man without thought for the future will surely have trouble close at hand." Presently, Singapore is feeling the impact of a rapidly ageing population. If we

introduce more flexibility into managing CPF funds, and allow people to use the CPF funds for other investment purposes, they may even withdraw the CPF funds completely and spend them when they reach a certain age. If the elderly lose their means of financial protection which in turn affects social stability, this deviates from the original intention of setting up the CPF scheme.

6. We need money to sustain our livelihood as we age. However, due to inflation, some elderly people who have reached retirement age have insufficient funds in their CPF to maintain their basic living expenses. They have no choice but to continue working to avoid losing the source of income. This phenomenon should be brought to the attention of the public at large.
  
7. Of late, disputes on CPF have become very frequent. This is natural. Times have changed. Singaporeans have become more educated. Everyone is expressing concern about the CPF system and safeguards for the elderly. This is a good thing. CPF is very important to social harmony and stability, and therefore the tripartite partners need to review this earnestly. The government needs to reflect on the reasons behind public discontent, and decide whether it needs to increase management transparency. Employers have to make timely contributions to CPF to ensure peace of mind for their employees to do their work. Employees should also not forget that the CPF was set up to provide for their old age. Most of all, every good system needs to be time-tested. Having said this, I feel that amendments to the CPF Act should be handled with extreme prudence.