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Notification No. B 34 — The Central Provident Fund (Amendment) Bill is hereby published for general information. It was introduced in Parliament on the 1st day of October 2002.

Central Provident Fund (Amendment) Bill

Bill No. 34/2002.

Read the first time on 1st October 2002.

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. This Act may be cited as the Central Provident Fund (Amendment) Act 2002 and shall come into operation on such date as the Minister may, by notification in the *Gazette*, appoint.

Amendment of section 3

2. Section 3 of the Central Provident Fund Act (referred to in this Act as the principal Act) is amended by deleting subsection (3) and substituting the following subsections:

“(3) All deeds, documents and other instruments requiring the common seal of the Board shall be sealed with the common seal of the Board.

(3A) All instruments to which the common seal is affixed shall be signed by any 2 officers of the Board generally or specially authorised by the Board for the purpose.”.

Amendment of section 4A

3. Section 4A of the principal Act is amended by deleting subsection (1) and substituting the following subsections:

“(1) The Board shall, with the President’s concurrence under Article 22A(1)(b) of the Constitution, appoint a chief executive officer on such terms and conditions as the Board may determine.

(1A) The chief executive officer shall be —

(a) known by such designation as the Board may determine; and

(b) responsible to the Board for the proper administration and management of its functions and affairs in accordance with all policies laid down by the Board.”.

Amendment of section 13B

4. Section 13B of the principal Act is amended —

(a) by inserting, immediately after the word “person” in paragraph (a), the words “who is a citizen or permanent resident of Singapore”; and

- (b) by renumbering the section as subsection (1) of that section, and by inserting immediately thereafter the following subsections:

“(2) The amount which a person may contribute voluntarily under subsection (1) or section 7(4) shall not exceed the sum of \$28,800 in any year or such other sum as the Minister may, from time to time, prescribe by notification in the *Gazette*.”

(3) For the purpose of computing the sum referred to in subsection (2) in any year, the amount contributed by the person which is obligatory under this Act and any voluntary contribution paid by his employer under section 7(4)(c) in that year shall be included, and any contribution made in that year under sections 73 and 79 shall not be included.”.

Amendment of section 15

5. Section 15 of the principal Act is amended —

- (a) by deleting the words “third anniversary of his date of birth after he has attained the age of 55 years” in the penultimate and last lines of subsection (3) and substituting the words “first anniversary of his date of birth after he has attained the age of 55 years or such other period as the Minister may direct”; and
- (b) by inserting, immediately after the word “claim” in the last line of subsection (12), the words “, or be subject to any right of set-off by the approved bank for any debt owing by the member to the approved bank”.

Amendment of section 21

6. Section 21(12) of the principal Act is amended by deleting the words “and 21A” in the 1st line and substituting the words “, 21A and 21B”.

New section 21B

7. The principal Act is amended by inserting, immediately after section 21A, the following section:

“Charge on HDB flats to secure repayment of withdrawals from Fund

21B.—(1) Where in accordance with any regulations made under section 77, a member of the Fund had or has before, on or after 1st January 2003 withdrawn any money standing to his credit in the Fund —

- (a) to make full or partial payment towards the purchase of an HDB flat;
- (b) to repay or to make periodic payments towards the repayment of any loan taken by the member to finance or re-finance the purchase of an HDB flat;
- (c) to pay any improvement contribution due to the Housing and Development Board in respect of upgrading works carried out on an HDB flat under Part IVA of the Housing and Development Act (Cap. 129) including the payment of costs, fees or other incidental expenses arising from such works; or
- (d) to pay any costs, fees or other expenses incurred —
 - (i) for the purchase of an HDB flat;
 - (ii) for obtaining a loan to finance or re-finance such purchase; and
 - (iii) in connection with withdrawals of any money from the Fund,

there shall, immediately upon any such withdrawal, be a charge constituted on that HDB flat to secure the repayment of the money withdrawn from the Fund including the interest that would have accrued thereto if the withdrawal had not been made and to secure the payment of the minimum sum into the member’s retirement account.

(2) Upon the constitution of the charge on an HDB flat under subsection (1), the Board shall have the power of sale and all other powers relating or incidental thereto to sell and effectually transfer the title to the HDB flat to any purchaser as if the Board were a registered mortgagee notwithstanding that the charge is not registered under the Land Titles Act (Cap. 157).

(3) Any charge constituted on an HDB flat under subsection (1) shall be —

- (a) subject to all statutory rights and charges of any public authority over the HDB flat;
- 5 (b) subject to any resale levy imposed by the Housing and Development Board in respect of the HDB flat except where the person on whom the resale levy is imposed has obtained a loan, whether redeemed or not, from any person other than the Housing and Development Board to finance the purchase of the HDB flat;
- 10 (c) subject to, in the absence of any agreement giving priority to the Board, all encumbrances registered or notified prior to the date of the constitution of the charge; and
- 15 (d) subject to, rank in priority to, or rank equally without preference with, such other encumbrances as may be specified in regulations made under section 77.

(4) The repayment of the minimum sum to the Board, if it is secured by a charge on the HDB flat under subsection (1), shall rank after the claims of a mortgagee or chargee other than the Board before the date the member is required to deposit a prescribed sum under section 15(6).

(5) If —

- 25 (a) moneys secured by any charge constituted on an HDB flat under subsection (1) become due and payable to the Board under any regulations made under section 77; and
- (b) such moneys or any part thereof is not paid on the expiry of the period of 60 days from the date they become due and payable,

30 the Board may, with the prior written approval of the Housing and Development Board, by notice of sale (to be served or published in the manner to be specified in regulations made under section 77) declare its intention of selling the HDB flat.

35 (6) If, on the expiry of the period of 90 days from the date of the notice of sale, the moneys secured by the charge or any part thereof has not been paid to the Board, the Board may sell the HDB flat.

(7) Where the Board has sold any HDB flat under subsection (6), neither the purchaser of the HDB flat nor the Registrar shall be concerned to inquire into the regularity or validity of the sale or transfer.

5 (8) For the purpose of registration of a transfer of any HDB flat sold under subsection (6), the Registrar may dispense with the production of the duplicate lease of the HDB flat or the duplicate subsidiary certificate of title in respect of the HDB flat, as the case may be.

10 (9) The moneys received by the Board in exercise of its power of sale under subsection (6) shall be held by the Board in trust to be applied —

(a) firstly, to discharge any right or charge specified in subsection (3)(a);

15 (b) secondly, to pay any resale levy specified in subsection (3)(b);

(c) thirdly, to discharge any encumbrance specified in subsection (3)(c);

20 (d) fourthly, in payment of all costs and expenses properly incurred by the Board as incident to the sale or attempted sale, or otherwise;

25 (e) fifthly, in payment to the Board of all moneys secured by the charge and in payment to any other party of all moneys to discharge any encumbrance specified in regulations made under section 77 for the purpose of subsection (3)(d), in the order of priority specified in the regulations; and

(f) finally, in payment of moneys in the order of priority specified in regulations made under section 77.

30 (10) Notwithstanding section 80 of the Land Titles Act (Cap. 157), where further withdrawals from the Fund are authorised by the Board when a charge constituted on an HDB flat under subsection (1) is subsisting, all such withdrawals shall rank in priority to any other claims over the HDB flat as if the withdrawals were made at the date of the constitution of that charge.

35 (11) Any charge constituted under subsection (1) shall continue in force until —

- (a) all moneys secured by the charge have been repaid or are no longer required by any regulations made under section 77 to be repaid to the Fund; or
- (b) the Board is satisfied of the occurrence of any of the events mentioned in section 15(15)(e).

(12) This section shall not apply to —

- (a) any HDB flat in respect of which a charge in favour of the Board has been registered or notified in the appropriate register maintained by the Registrar under the Land Titles Act (Cap. 157);
- (b) any HDB flat designated by the Housing and Development Board as an HUDC Phase III or IV flat; or
- (c) any HDB flat or class of HDB flats which the Minister may, by notification in the *Gazette*, specify.

(13) Sections 21 and 21A shall not apply to any HDB flat to which this section applies.

(14) In this section —

“HDB flat” means any flat, house or other building sold under Part IV of the Housing and Development Act (Cap. 129) which has been acquired by the present owner thereof whether directly from the Housing and Development Board or otherwise;

“Housing and Development Board” means the Housing and Development Board constituted under the Housing and Development Act.”.

Amendment of section 24

8. Section 24 of the principal Act is amended —

- (a) by deleting subsection (2) and substituting the following subsection:

“(2) Precious metals and securities purchased by a member and the proceeds from the sale of such precious metals and securities and any moneys in any fixed deposit account maintained by a member with a bank, under any scheme in

accordance with any regulations made under section 77 which allow the member to withdraw his moneys in the Fund, for the purposes of investment and which the member is obliged to repay into the Fund shall not be attached, sequestered, levied upon for or in respect of any debt or claim or be subject to any right of set-off by the bank for any debt owing by the member to the bank.”; and

- (b) by deleting the words “or proceeds” in the 1st line and in the penultimate line of subsection (3) and substituting in each case the words “, proceeds or moneys”.

Repeal and re-enactment of section 66

9. Section 66 of the principal Act is repealed and the following section substituted therefor:

“Certificate of authorised officer to be evidence

66. In any legal proceedings, a copy of an entry in the accounts of the Fund, the Home Protection Fund, the Dependants’ Protection Insurance Fund or the MediShield Fund, as the case may be, duly certified under the hand of such officer of the Board as it may authorise shall be prima facie evidence of the entry having been made and of the truth of the contents thereof.”.

Amendment of section 77

10. Section 77(1) of the principal Act is amended —

- (a) by inserting, immediately after the word “thereto” in paragraph (a), the words “, including by electronic or other means”;
- (b) by inserting, immediately after the word “securities” in the 4th line of paragraph (n), the words “, and depositing in such fixed deposit accounts,”; and
- (c) by inserting, immediately after paragraph (q), the following paragraph:

“(qa) to prescribe the fees and charges that may be levied by the Board for the purposes of this Act;”.

EXPLANATORY STATEMENT

This Bill seeks to amend the Central Provident Fund Act (Cap. 36).

Clause 1 relates to the short title and commencement.

Clause 2 amends section 3 to enable the Central Provident Fund Board (the Board) to authorise any 2 of its officers to sign documents under seal.

Clause 3 amends section 4A to change the title of the General Manager of the Board to chief executive officer and to allow the chief executive officer to be known by such designation as the Board may determine.

Clause 4 amends section 13B —

- (a) to disallow voluntary CPF contributions by any person who is not a citizen or permanent resident of Singapore;
- (b) to limit voluntary contributions, including voluntary contributions paid by employers, to \$28,800 per year; and
- (c) to empower the Minister to prescribe another amount in place of \$28,800.

Clause 5 amends section 15(3) to shorten the 3-year interval for withdrawal of CPF contributions after the age of 55 to one year or such other interval as the Minister may direct. The clause also amends section 15(12) to clarify that a bank is prohibited from setting-off any debt owed to the bank by a member against the CPF moneys deposited by the member in any account with that bank.

Clause 6 amends section 21(12) to apply the definitions therein to the new section 21B to be inserted by clause 7.

Clause 7 inserts a new section 21B to create an automatic charge on an HDB flat in favour of the Board when a member withdraws CPF funds to finance or re-finance the purchase of the HDB flat, to pay any improvement contribution for upgrading works carried out on the HDB flat under Part IVA of the Housing and Development Act (Cap. 129) or to pay any other costs incurred in connection with those purposes. The new section will apply in respect of any such withdrawal whether made before, on or after 1st January 2003. The charge on the HDB flat is constituted immediately upon such withdrawal.

The charge confers on the Board the power of sale and all other powers relating or incidental thereto notwithstanding that it is not registered under the Land Titles Act (Cap. 157). The charge is subject to the statutory rights and charges of public authorities, the resale levy imposed by the Housing and Development Board (except in specified circumstances) and other encumbrances as specified in subsection (3). If the Board exercises its power of sale when moneys secured by the charge or any part thereof is due and unpaid, the Board will hold the sale proceeds in trust to be applied in the order of priority specified in subsection (9) and any regulations made under section 77.

The new section 21B will not apply to certain classes of HDB flats. The section further provides that sections 21 and 21A do not apply to any HDB flat to which it applies.

Clause 8 amends section 24 to clarify in subsections (2) and (3) that moneys in any fixed deposit account maintained by a member with a bank under a scheme in accordance with any regulations made under section 77 are protected under that section.

Clause 9 repeals and re-enacts section 66 to clarify that the section (relating to certification of certain entries of accounts) applies to the Home Protection Fund, the Dependants' Protection Insurance Fund and the MediShield Fund, and to remove the requirement to prescribe the officers of the Board who may certify entries in those Funds. Instead, any officer authorised by the Board may so certify.

Clause 10 amends section 77(1) —

- (a) to enable the Board to implement electronic submission and payment of CPF contributions;
- (b) to clarify that the Minister may make regulations regarding the application, assignment or withdrawal of CPF moneys for the purpose of depositing in fixed deposit accounts with banks approved by the Minister; and
- (c) to insert a new paragraph (*qa*) to empower the Minister to prescribe the fees and charges that may be levied by the Board for the purposes of the Act.

EXPENDITURE OF PUBLIC MONEY

This Bill will not involve the Government in any extra financial expenditure.
