

## **Title: Tharman on Spore's savings scheme**

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Education Minister and Second Minister for Finance Tharman Shanmugaratnam has described Singapore's model of savings and asset building as "reasonably successful".

The model comprises the CPF Scheme and grants that support home ownership and education for children.

He was opening a new Centre for Social Development at the National University of Singapore.

Wu Shang Yuan with this report.

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Mr Tharman says Singapore's model that focuses on CPF contributions, home ownership and education has met the needs of the majority of Singaporeans.

The system helps to build up savings, and encourages work and self-reliance in a financially sustainable way.

**Keeping the culture of self reliance but taking care to supplement a system that places the responsibility on the individual with special schemes to help the lower income groups and the more vulnerable. If it was purely about a defined contribution CPF scheme, that'd be individuals who've not accumulated enough in their balances and you have to find some form of welfare to support them.**

However, Mr Tharman acknowledges that the current system is not perfect.

**I think we have to keep studying our own system to see if distortions emerge, how the workfare scheme works, whether there're unintended side effects on wage patterns, employers holding down wages of low income workers or low income workers not wanting to upgrade to go beyond the ceiling but these are the problems that all schemes face, we have to find an intelligent solution to them.**

Despite this, Mr Tharman is confident that Singapore has laid a reasonably solid foundation.

This is supported by good governance, rule of law, and sound monetary and economic policies.

The Minister cited the need to mandate savings as one such policy.

**Because countries that rely on just purely voluntary approaches, have found over time a very substantial group of any population does not look very far into the future and would tend to save less than would be economically rational to.**

The new Centre for Social Development at NUS will conduct research and pioneer social development programmes that focus on Asia.

Its inaugural project is an ongoing three-day global assets conference, attended by 90 social development leaders from 17 countries.

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