

s60

Feb 16, 2007, ST.

Everybody will get some help with the higher GST rate of 7% kicking in on July 1. Workers struggling to make ends meet will be given a lift with Workfare.

You get as GST offsets

- Cash of up to \$1,000 over four years, depending on income and value of home (with bonuses for NSmen, NSF and senior citizens).
- Rebates in utilities bill, service and conservancy charges, rentals.
- One-off property tax rebate.



You drive

Road tax will go down by 8%.



You take public transport:

Lower income can draw on a \$10m Public Transport Fund.

You have young children

Lower income families will get 90% subsidy for kindergarten fees and more money for childcare centres.



You have school-going children

They get Post-Secondary Education Account opened next year, with \$400 for secondary school students and older.



You want to further your own education

and take post-diploma courses: You will get 80% fee subsidy.



You eat at restaurants

Cess of 1% to be abolished.



You drink alcohol:

Stronger drinks will be more expensive as tax formula changes.



You earn...

...more than \$1,500 a month

You get more in your CPF from your employer, from 13% to 14.5%.



...less than \$1,500 a month

You get more take-home pay as your own CPF contribution rate will be lower than the current 20 per cent.

...less than \$1,500 a month and are aged above 35

Your employer's CPF rate will be below the new rate of 14.5%. The rate increases as your pay goes up.

...less than \$1,500 a month and are aged above 45

You get Workfare of up to \$1,200 a year, both in cash and into your CPF.

...less than \$1,500 a month and are aged between 35 and 45

You get Workfare of up to \$900 a year, in cash and into your CPF.

...less than \$1,500 a month and you are self-employed or do odd jobs

You pay a lower Medisave rate of less than 3%, and get Workfare of up to \$800 a year.

WORKFARE BENEFITS

Feb 16, 2007

A Budget for globalisation

FEW today can fail to appreciate the virtues of globalisation. But it also brings with it difficulties. Second Finance Minister Tharman Shanmugaratnam acknowledged this in Parliament yesterday, and then set about to detail how Singapore intends to face the challenges. Mr Tharman's Budget speech should be seen as a blueprint for upgrading Singapore's economic infrastructure to drive continued prosperity. No less important, the nation's tighter embrace of globalisation is set to be accomplished with as much of the population being uplifted as possible.

As a small country, Singapore's fortunes always have hinged on its openness to foreign business and capital. Today, however, many larger countries also understand this. Competition is fierce and increasing. So Singapore must push harder. Thus, the corporate tax rate will come down, which should convince even more companies to set up operations here. Apart from large multinationals, measures in the Budget should also prove attractive to small and medium-sized companies, both home-grown and those from abroad. Singapore will also seek out fresh commercial openings by investing more in research and development. And to ensure that every company and institution - both foreign and local - will have enough skilled manpower to compete in the global marketplace, the Government plans to ramp up opportunities for life-long learning and training - well beyond what is already available. Through these and other initiatives, Singapore should be able to keep its economic growth robust. And this, in turn, is key to ensuring that it will be able to strengthen support for low-income earners at the margins of the new economy. Through the Workfare Income Supplement scheme, as Mr Tharman put it, 'for the first time, the state will be supplementing the market wages that low-wage workers receive'. In addition, while a rise in the GST is needed to adjust for lowering of the corporate tax rate, an innovative plan will more than adequately compensate the poor for the new burden.

The aim of this Budget is to position Singapore for the future. A new economic infrastructure and innovative policies are being put in place. But at the end, how well they succeed depends on Singapore companies and individuals. Singaporeans must make use of the opportunities to grow or start new businesses, to retrain for new jobs and to take new risks. Do this much, and a bigger slice of global growth will come this way.

Feb 16, 2007

Govt shows its capitalist head, socialist heart

By DEPUTY POLITICAL EDITOR, Chua Mul Hoong

A CAN-DO Budget with buzz.

And one that positions Singapore to run the next lap of the global economy, even as it beefs up social-security spending to take care of those who can't run as fast.

That's what Second Finance Minister Tharman Shanmugaratnam delivered in his first Budget yesterday.

It was one of the most widely anticipated Budgets in recent years. Many of the big-ticket changes announced yesterday - 2 percentage points off the corporate tax, a hike in Central Provident Fund rates to 34.5 per cent, a rise in the goods and services tax from 5 to 7 per cent - were already expected.

While these bold moves on fiscal policy will grab headlines, this Budget was also significant for its philosophical underpinnings.

In essence, it showcased a government with a capitalist head, and what can only be described as a socialist heart.

First, the capitalist head. This year's Budget speech amounted to a declaration of Singapore's intent to ride the globalisation bandwagon in an even bigger way, despite the social fissures it may cause.

As Mr Tharman put it: 'Globalisation is playing to Singapore's strengths - our openness to the world, our responsiveness to change, our reputation for trust.'

A slew of tax changes aims to position Singapore as an SME hub, in the same way it has become a hub for MNCs.

Aggressive investment in technology, roads, public housing and other infrastructure will gear Singapore up to house a larger population.

Mr Tharman turned a traditionally dry fiscal policy speech into a mini National Day Rally, as he told stories celebrating students, workers and towkays who had braced themselves for globalisation.

Like Hougang Primary School's Primary 2 students who make iPod podcasts of talk shows; or Geylang-based Food Empire, whose MacCoffee is creating more than a caffeine buzz in Ukraine, Russia, Poland, Bahrain, Iran and Turkey.

Then there was the example of London-based company OLAM, which moved to Singapore to manage its offices in 52 countries and recently tied up with a Chinese partner to source for soybeans in Brazil.

Mr Tharman observed: 'This is what globalisation is about, and why it is working for Singapore. Companies and enterprising individuals from around the world coming to Singapore, using Singapore to reach out to other parts of the world and creating jobs for Singaporeans; and Singapore companies and talents going out to the world to compete and seize opportunities. It is why the outlook for Singapore is bright.'

Mr Tharman's enthusiasm for the benefits that globalisation can bring was infectious. But he was also candid in admitting that globalisation can cause social friction, as seen in a widening wage gap in many economies worldwide.

But to globalisation sceptics and those who want to see the Government keep costs (and quality) of public services down, who want jobs reserved for Singaporeans and foreigners kept out, Mr Tharman said:

'The solution is not to grow more slowly, or to focus less on growth and more on redistribution - although some people think we should do this. If we do this, it will only hurt the people we are trying to help.'

Slow growth will most affect those at the bottom, as 'jobs will be lost and incomes will fall through the floor' for them, while talented, mobile Singaporeans leave.

Instead of slowing down, the Government wants to ramp up the economy further and then use its resources to step up social-security spending in a big way: setting aside \$8.3 billion more from 2006 to 2010 for this purpose.

The lion's share will be short-term assistance to offset the impact of the rise in GST, which is an inevitable move in line with the global trend of moving away from direct (income) taxes to indirect (consumption) taxes.

Even at 7 per cent, GST contributes just 15 per cent to total tax revenue, compared to an OECD (developed countries) average of 32 per cent.

Revealing a socialist bent - or progressive, or equitable, depending on your point of view - the Government's package to offset the impact of the GST was, as promised, tilted in favour of the low-income. Those living in one-room Housing Board flats get back from the Government an amount equal to 19 years of extra GST spending. This compares to seven years for a middle-income family in a four-room flat and two years for those in private housing.

Also significant was the bold decision to entrench Workfare - an income support programme for the low-income first pioneered last year - as a long-term feature of the social safety net.

I never thought I would hear a minister from the anti-welfare People's Action Party say it, but there was Mr Tharman yesterday committing the Government to long-term income support for the able-bodied:

'For the first time, the state will be supplementing the market wages that low-wage workers receive. But we have decided to make this change so as to help low-wage workers and encourage them to stay employed. This will strengthen social inclusion in Singapore.'

After its experience last year, the Government generously lowered the age limit (from 40 to 35) and raised Workfare quantum to a sum equal to 10 to 20 per cent of wages.

Not being totally soft-headed, it did try to tighten the scheme. Much of the Workfare will go into the CPF for longer-term needs. The benefit will also take into account assets, so bungalow-residing tai-tais working part-time in their husbands' businesses need not apply.

For the middle-income, there was a property tax rebate, and cuts in maid levy and road tax.

Tax-paying Singaporeans did not get a cut in personal income tax - but, as Mr Tharman noted, the effective tax rate for those earning below \$500,000 a year was lower even than Hong Kong's.

Budgets are always balancing acts, and this one had to balance between different income groups, tax versus spending objectives, between equity and efficiency.

The capitalist head will put Singapore on the right track economically. The socialist heart cements Singaporeans.

But as Mr Tharman said: 'What will ultimately determine our success is our people's spirit of enterprise, resilience and self-reliance. Even as we bolster our system of social support, we must keep these values strong in our society.'

One woman who shows such resilience? Meet Ms Mabel Ong, in her mid-50s, with primary school education, who was a seamstress, then a hotel valet, mini-bar attendant, and is now the mini-bar supervisor at Oriental Hotel.

Mr Tharman grew misty-eyed recalling her grit and quoting her words: 'Whatever I can do, I will do. And whatever I do, I will try to do well.'

Mr Tharman summed up: 'That is the Singapore spirit - can do, will do, do well.'

Call Budget 2007 the can-do Budget: when Singapore showed it dared to surf the tidal waves of globalisation and provide permanent lifeboats for those overwhelmed by the rising tide.

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Feb 16, 2007

Corporate tax cut, CPF rate up

By Lee Su Shyan

SINGAPORE'S corporate tax rate is being cut from 20 to 18 per cent in a move aimed at making the Republic even more attractive to global companies.

The cut will provide some relief for employers, who will have to put more into their workers' Central Provident Fund savings. The employer's share of CPF contributions will go up from 13 per cent to 14.5 per cent from July 1.

Both changes were announced by Second Finance Minister Tharman Shanmugaratnam yesterday. He also unveiled other measures to make Singapore a top location for start-up companies and small and medium-sized enterprises (SMEs).

The corporate tax cut gives Singapore one of the most competitive rates in Asia, just a notch above Hong Kong's rate of 17.5 per cent.

The change will cost the Government \$800 million a year. Mr Tharman called it a broad measure to help all companies and expected it to bring Singapore more investments and more good jobs over time.

The CPF change will see two-thirds of the extra contribution going into workers' Ordinary accounts. The other third will go to the Medisave account.

Employers will increase their contributions for all workers except those over 35 years old and earning \$1,500 or less. A separate set of help measures will be targeted at older lower-income earners.

Other corporate tax treats Mr Tharman announced will help SMEs. The effect: Nearly 80 per cent of taxable companies will pay tax of no more than 10 per cent.

For start-ups, more help is at hand. A scheme exempting their first \$100,000 of income for three years, which was expiring, has been extended.

Commenting on the corporate tax change, Citigroup economist Chua Hak Bin told Bloomberg: 'The gap with Hong Kong is considerably lower now and may just be the tipping point in terms of attracting a flood of investments. It's very positive. That would make Singapore very competitive.'

'These moves, coupled with the reduction in corporate tax rate to 18 per cent, will make Singapore one of the most competitive locations in the world for SMEs and start-ups.'

MR THARMAN, on moves to make the tax regimes for SMEs and start-ups more attractive

Feb 16, 2007

Wage boost for lower-income

By Lydia Lim

FOR the first time, the Government will supplement the income of low-wage earners, a move that will boost the earnings of about 438,000 people.

The bulk of this additional income will go into the workers' Central Provident Fund (CPF) accounts, as it is meant to help them save for the future.

And the most help will go to older workers who are over 45 years old and earning \$1,000 or less a month.

The new Workfare Income Supplement scheme comes after a year of experimenting with Workfare, a one-off bonus given out earlier to workers aged 40 and above.

Under the new permanent scheme to encourage low-wage workers to keep their jobs, those above 35 and earning \$1,500 or less will also qualify.

Announcing the major policy change yesterday, Second Finance Minister Tharman Shanmugaratnam said the new scheme comes with a condition - those who want the benefit must work.

'It will be given to workers who have worked at least three months in any six-month period in the calendar year, or at least six months in the calendar year,' he said.

The CPF system is also being tweaked to help low-wage earners. They will now pay less into their CPF accounts. So will their employers.

That will give these workers more cash in hand, while hopefully encouraging employers to hire such workers.

Mr Tharman said the new scheme is needed to help low-wage workers who have found it hardest to keep up with the changes to the economy.

Their wages have either stagnated or fallen in the past decade, with the trend reversing only last year.

Under the scheme, full-time workers aged above 45 and making \$1,000 or less will receive up to \$1,200 a year. The others will get a smaller amount.

Self-employed and informal workers who do not currently make CPF contributions are also eligible, provided they pay a small sum first into their Medisave Accounts. Their payout will be smaller, and all of it goes into their Medisave.

The cost of Workfare to the Government: \$400 million a year.

'The Workfare Income Supplement scheme is a major policy change. For the first time, the state will be supplementing the market wages that low-wage workers receive.'

MR THARMAN, on the Workfare scheme

Feb 16, 2007

Budget 2007: Poised for the future GST goes up to 7% from July 1

By Erica Tay

IT'S official: The goods and services tax (GST) will go up to 7 per cent in one step, and it will happen on July 1.

Revealing this yesterday, Second Finance Minister Tharman Shanmugaratnam said it is best to make the change in one go while the economy is strong.

He also unveiled a \$4-billion package to soften the impact.

The majority of Singaporeans will get back in various ways at least four years' worth of the extra GST they will pay, with the poor and elderly receiving the most.

Chief among the measures is a new item - GST credits - which will give \$1.8 billion in cash to all adult Singaporeans in yearly instalments.

The amount of the payout will vary, with more cash for the lowly paid and those in the humblest housing.

So people in one- to-three-room Housing Board flats and earning \$24,000 or less a year will receive \$1,000 spread over four annual instalments. Most people will receive \$800.

Top earners will get a one-time payment of \$100 which Mr Tharman described as a gesture to recognise that everyone is affected by the GST increase.

People must sign up from May 15 to qualify, and they will receive the first instalment on July 1, the same day the GST goes up.

The host of other measures includes cash and Medisave top-ups for senior citizens, and top-ups for schoolchildren to pursue their post-secondary education.

HDB flat dwellers will also get rebates for their utilities, service and conservancy charges, and rentals.

A one-off property tax rebate of up to \$100 a year for two years will benefit one million property owners.

The list of help measures goes on, especially for those struggling to cope.

The GST hike is expected to add \$750 million to Government coffers this year, and \$1.5 billion annually from next year.

Mr Tharman said the offset measures are substantial and will help most people to more than make up for what they will pay for the GST increase.

Taken with the Workfare benefits he also unveiled, there will be significant and ongoing assistance for lower-income workers. They will, in fact, end up better off, he said.

'It is better to raise prices at one go, and compensate Singaporeans with a substantial offset package.'

MR THARMAN, on why GST will be raised to 7 per cent in one go

Feb 16, 2007

Pro-business Budget lifts STI by 70 points to record finish

Blue chips soar on corporate tax cut while DBS' big gains boost bank counters

By Markets Correspondent, Goh Eng Yeow

AS THE corporate tax rate went down yesterday, the market went roaring up as traders celebrated the pro-business Budget with a record close for the Straits Times Index (STI).

Late trading - spurred by wire reports of the two percentage point tax cut - focused on the three local banks and property giants such as City Developments (CDL) and Keppel Land (KepLand).

The surge sent the STI up 70.28 points - or 2.21 per cent - its biggest one-day gain in three weeks and a record close of 3,252.49.

It left its final push late - 10 points alone were added in the five minutes after 5pm when traders settled outstanding orders.

Volume hit 2.05 billion shares worth \$2.02 billion, the second last trading day of the Year of the Fire Dog. The Year of the Golden Pig - which starts from Sunday - will have a lot to live up to.

And that has left investors wondering how much further this rally can go, given that the market has gone up in 'pretty much a straight line' of late, said CIMB-GK research head Song Seng Wun.

Merrill Lynch struck a cautious note in a survey of fund managers yesterday, pointing out that 'investors have reduced their preferences in strong markets such as Indonesia and Singapore and put US\$620 million (S\$953 million) into South-east Asia's big laggard - Thailand'.

It also noted that investors now think that Asian stocks are expensive - after the region-wide run-up from Mumbai to Seoul since last month. But there were no doubts yesterday, with blue chips leading a rally right from the opening bell, as buying gathered momentum for a second day following big sell-offs on Monday and Tuesday.

Regional bourses were also buoyant, thanks in part to comments by Federal Reserve chairman Ben Bernanke that inflation in the United States was 'pretty much contained'. This countered other central bank officials who had warned last week that inflation remained a concern.

While Hong Kong's Hang Seng Index rose 1.6 per cent and Tokyo's Nikkei 225 Stock Average was up 0.8 per cent, local factors helped to add fuel to the rally here.

Bank stocks, for example, were ignited by the stellar results at DBS Group Holdings, where full-year earnings climbed 32 per cent to a record \$2.18 billion.

DBS rose 40 cents to \$22.90 while United Overseas Bank (UOB) and OCBC Bank, which both report results in the next two weeks, hit record highs. UOB gained 70 cents to \$20.70 and OCBC added 20 cents to \$8.75.

The icing on the cake was the cut in corporate tax by two percentage points to 18 per cent.

Investors made a beeline for property developers likely to enjoy a boost to their already fat profits. KepLand leapt 65 cents to \$8.70 on 4.1 million units done, while CDL rose 40 cents to \$14.50 on a volume of 3.4 million shares.

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REGIONAL RUN-UP: Besides Singapore, bourses in the Asian region mostly rose, helped by Fed chief Ben Bernanke's comments that inflationary pressures in the US were quite well contained

Feb 16, 2007

More funds to help the needy

LOWER-INCOME families can draw on more funds the Government is committing to help them cope with public transport and other needs.

The Government will inject \$10 million into a Public Transport Fund by October to help lower-income families with their public transport costs.

These funds will be given out over three years, Second Finance Minister Tharman Shanmugaratnam said yesterday.

In addition, the Government will provide help to households that may face difficulties.

'Although we have a comprehensive GST offset package, it is possible that some households may face additional difficulties,' Mr Tharman said.

The best way to help the lower-income is through flexible assistance from their citizens' consultative committee (CCC), he said.

To this end, the Government will top up the CCC ComCare Fund by \$5 million over five years.

To help lower-income Singapore families, it will also provide \$2 million over five years to self-help groups.

It will also commit another \$3 million over five years for government-funded voluntary welfare organisations.

The Ministry of Community Development, Youth and Sports will announce more details, Mr Tharman said.

Feb 16, 2007

Slew of measures aimed at creating SME haven

These include tax exemptions, and rebates to offset CPF increase

THE Government aims to make Singapore the best place in the world for small and medium-sized enterprises (SMEs) to start, grow and globalise.

A slew of new measures was outlined in the Budget aimed specifically at this sector of the economy.

They include allowing start-ups to enjoy three years of full tax exemption on the first \$100,000 of chargeable income by removing the scheme's original expiry date of 2009.

SMEs will benefit from the raised partial tax exemption threshold from \$100,000 to \$300,000, and get up to \$1,800 over two years through the SME Rebate Scheme to offset the increase in the Central Provident Fund contribution rate.

The SME rebate is 2 per cent of the first \$40,000 of total CPF contribution and 1 per cent of the next \$40,000 in the first year. These percentages will be halved in the second year.

Mr Sam Yap, executive chairman of the Cherie Hearts network of 20 childcare centres, welcomes the move: 'We already anticipated the CPF rate hike, but the SME rebate is an unexpected bonus and every little bit helps.'

The changes to the tax exemption threshold were also welcomed by Mr Tan Jee Soon, general manager of sauces maker Tungsan Food Industries, which made a profit of \$100,000 last year.

'The higher threshold will benefit SMEs as more of their earnings can be tax-exempt,' said Mr Tan.

Second Minister for Finance Tharman stressed the need to create a vibrant and supportive environment to attract big and small firms.

He cited Mr Bob Chandran who moved his family and marine fuel company Chemoil Energy from the United States to Singapore as an example of an overseas SME that chose to base here. Chemoil listed here last December.

Another is Johan Karlstedt, who relocated from Finland to the US before opting to base his firm and home in Singapore. His company QXSystems creates virtual offices for businesses and owns five firms around the world.

'Bob Chandran, Johan Karlstedt and the many others like them are here because we are a compelling home for enterprise and for families,' said Mr Tharman.

He also noted the rise of a new breed of players known as global SMEs, which are rooted in one place, but taking advantage of globalisation to expand rapidly.

One such firm is LMA, a medical equipment maker that was based in Britain but is now headquartered here. It has operations across the world and sells products in over 100 countries.

'More of these global SMEs are now coming to Singapore. They want to be here because we are a place where they can access markets, talent and global financial services, and operate within a legal and regulatory framework that they are comfortable with,' Mr Tharman said.

'They may not make huge investments like multinationals, but they add vibrancy...and demand for financial and business services, IT and logistics.'

Mr Tharman also highlighted how local firms are venturing abroad at an earlier stage.

Dextrans Worldwide Group, founded just four years ago, already has a bustling logistics business managing inventory for major electronics firms in China.

'That is how globalisation is being played - globalisation out of Singapore,' he said.

'We can provide the best conditions for them to start up, grow, raise funds, and reach out to Asia and the world.'

'The cut in corporate tax is a welcome move and is definitely good news for companies. While the reduction is not insignificant, companies would still have to measure the net impact on their businesses, taking into account the adjustment of CPF rate and GST.'

MR SOON TIT KOON, chief financial officer of OCBC

'In the long run, the Government is doing the right thing by cutting corporate taxes and increasing indirect taxes. However, for companies which absorb the GST, the GST increase may outweigh the benefit of the corporate income tax cut.'

MR ALDEN TAN, managing director of Kopitiam Group of companies

'I see the tax cut as a good way of attracting more companies here. If this means that Singapore will attract more people, then it will give us a bigger pool of customers to tap into.'

MS ESTHER LOH, chief executive of Sesdaq-listed Friven & Co, which is in the bedlinen and lifestyle accessories business

'The headline tax rate is the first thing investors look at. It is the equivalent of putting on a friendly face and telling investors to come and find out more.'

MR PETER TAN, tax partner at PriceWaterhouseCoopers

'Singapore's competitiveness has been given a boost. Moreover, with the new higher partial exemption threshold, the effective tax rate for a majority of businesses will be even lower. KPMG has calculated that companies with taxable income of \$5.49 million or less will clearly pay less tax than one in Hong Kong.'

MR OWI KEK HEAN, head of tax at KPMG

'We employers have received our fair share of the 'zhongbao' too, in the form of lowered corporate income tax to offset the restoration of employers' CPF contribution. The boost in employees' morale will also motivate them to work harder, translating into higher work efficiency.'

MR SAM YAP, executive chairman of Cherie Hearts, a group of childcare centres

'The Federation is pleased with the one-step (cut) in corporate tax...consistent with the one-step increase of 2 per cent in the GST.'

SINGAPORE BUSINESS FEDERATION

'(We) welcome the tax reduction as this would enhance Singapore's attractiveness as a foreign investment destination.'

SINGAPORE CHINESE CHAMBER OF COMMERCE & INDUSTRY

'The (tax) changes ensure that Singapore continues to be a very attractive place to do business. However, SICCI feels these changes should be implemented with immediate effect, as opposed to the plan to have them kick in from YA 2008.'

SINGAPORE INDIAN CHAMBER OF COMMERCE & INDUSTRY

- Has a background in engineering and founded his first company, Coolex® Oy, in Finland - a successful air-conditioning and cooling equipment manufacturer.
- After selling his company in 1998, Mr Karlstedt and his family relocated to the United States for several years before moving to Singapore a year ago.
- His four children, though staying in Singapore, are enrolled in an American school.

Feb 16, 2007

New fund to help students pursue higher education They may get up to \$800 each in scheme to help cushion GST hike

STUDENTS could take home up to \$800 in the next two years in a bid to encourage more Singaporeans to pursue higher education.

The money can be used for tertiary-level studies or upgrading courses. Any unused fund by the time the student reaches 30 years of age will be deposited into his Central Provident Fund (CPF) retirement account.

The allocation for higher education is part of a Post-Secondary Education Account (PSEA) being created next year for every Singaporean aged seven to 20.

'We want as many Singaporeans as possible to obtain a post-secondary education,' said Education and Second Finance Minister Tharman Shanmugaratnam.

'This is absolutely essential in the new innovation-driven economy.'

Every student in a secondary school or other institution will receive \$200 or \$400 next year and the same again in 2009. The amount will depend on the annual value of his family's home.

Primary school pupils will get \$100 or \$200 but they will have more top-ups to look forward to in subsequent years if the Government has Budget surpluses to share. Students can use the money at publicly funded universities, polytechnics, Institutes of Technical Education (ITEs), the Nanyang Academy of Fine Arts as well as arts and design school Lasalle-SIA College of the Arts.

Adults wanting to undertake tertiary education can use the money to study at UniSIM, the open university that caters to older people seeking a degree, as well as courses accredited by the Singapore Workforce Development Agency.

The higher education account seems to be an extension of the 14-year-old Edusave programme.

This involves the Government depositing money into accounts set up for school-going children aged six to 16.

According to latest figures from the Ministry of Education website, primary school pupils get \$170 a year and secondary school students \$200. They can use these funds to pay for enrichment courses at school.

Any funds left over in these Edusave accounts go to the student's CPF account when he turns 21.

The education boost was welcomed by single parent T. Deva.

Mr Deva, 44, is divorced and supporting four daughters - one in primary school, two in secondary school and one in ITE - on his \$1,050 monthly salary as an environment officer.

As he does not own his own home and lives in a two-room rental flat, his primary school daughter should receive \$200 while the other three girls should each get \$400 next year.

Mr Deva told The Straits Times: 'With this financial help, hopefully my children will be more inspired to work hard, go to university and get a good job so they won't have to struggle like I am struggling now to support them.'

Primary school children who live in homes with annual values of more than \$10,000 will get \$100 while secondary school and older students in the same category will get \$200.

The education top-ups over the next two years will cost \$400 million and benefit around 650,000 children.

Feb 16, 2007

Subsidies even after getting degree, diploma

EDUCATION should not end just because someone has earned a degree or diploma.

That was the message Education and Second Finance Minister Tharman Shanmugaratnam had for Singaporeans - to continue pursuing courses, and racking up more certificates, diplomas and degrees.

And he is putting his money where his mouth is, announcing that the Government will subsidise 80 per cent of the cost of advanced diploma and specialist courses at polytechnics from this year's intake.

The aim is to develop a culture for Singaporeans that embraces lifelong learning.

He said: 'Your certificate may lead to a diploma, your diploma may lead to a degree, and your first degree may not be your last.'

'Or you may get a certificate or diploma after your degree.'

But Mr Tharman also cautioned that it was 'not about the paper chase, but about the continuous refreshing of the skills and knowledge of Singaporeans that will prepare us well for the future'.

Mr Tharman noted that about 1,400 students enrol in such post-diploma courses today and that students pay the fees themselves.

The subsidy is aimed at encouraging more Singaporeans to take up post-diploma courses in areas like infocommunications security, and logistics and semiconductor technology, which cater to both diploma and degree holders.

The wider plan is to get Singaporeans to embrace ongoing learning and training as a way of developing a nimbleness in the increasingly dynamic marketplace.

LIFELONG LEARNING

'Your diploma may lead to a degree, and your first degree may not be your last.'
MR THARMAN

Feb 16, 2007 Straits Times

Japanese economic growth best in nearly three years

Quarterly expansion of 4.8% sparks talk of interest rate hike next week

TOKYO - JAPAN reported yesterday a sharp upturn in economic growth to the fastest pace in almost three years, as consumer spending rebounded.

This stoked speculation about a possible interest rate rise next week.

The country's gross domestic product (GDP) grew 1.2 per cent in the three months ended December for an annualised pace of 4.8 per cent, the eighth straight positive quarter and the strongest since early 2004, the government said.

Economists cautioned, however, that the brisk clip was unlikely to be sustained in the next few months, due to swings in consumer spending and the risk of a slowdown in exports to the United States.

Fanning such concerns, third-quarter growth was revised down to 0.1 per cent quarter-on-quarter from 0.2 per cent.

Japan is in the midst of its longest sustained recovery since World War II, after a decade in the doldrums.

For last year as a whole, Asia's largest economy expanded by 2.2 per cent, picking up steam after growth of 1.9 per cent in 2005, the Cabinet Office said.

Mr Hiromichi Shirakawa, chief economist for Japan at Credit Suisse, said economic growth was 'very, very volatile', with consumer spending flat for the second half of last year as a whole.

He said growth was expected to slow in the first quarter of this year as consumption remained on a sluggish trend.

Even so, Japanese stocks and the yen rose yesterday on the back of the strong data, which beat market forecasts for quarter-on-quarter growth of 0.9 per cent and an annualised pace of 3.8 per cent.

Helping to drive the sharp pickup in overall activity, private consumption grew by 1.1 per cent from the previous three months, reversing the 1.1 per cent loss seen in the third quarter.

Consumer spending accounts for about 55 per cent of Japan's economy but has struggled to keep pace with the wider recovery here.

Brisk spending by companies on new plant and equipment also contributed to faster economic growth, as did robust exports, helped by the weaker yen.

Non-residential investment, which is taken as the equivalent of corporate capital spending, rose by 2.2 per cent quarter-on-quarter, nearly three times faster than the revised gain of 0.8 per cent in the previous period.

Analysts were divided, however, on whether the data would be enough to persuade Japan's central bank to raise its super-low interest rates from 0.25 per cent at the end of a two-day meeting next Wednesday.

'The probability of a 25 basis point rate hike has certainly increased,' said Mr Glenn Maguire, chief economist for Asia at Societe Generale.

But he added: 'If BOJ governor Toshihiko Fukui proposes a rate hike, we think it will be a brave move. The Bank of Japan simply does not have enough information to pre-empt a return to deflation by tightening monetary policy next week.'

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All-round improvement

- GDP growth in the fourth quarter of last year beat market forecasts. It was the economy's eighth straight quarter of expansion.
- Consumer spending rebounded by 1.1 per cent, after a 1.1 per cent drop in the prior quarter.
- Corporate investment rose by 2.2 per cent, almost three times more than the revised gain of 0.8 per cent in the previous period.