

PUBLIC SECTOR (GOVERNANCE) BILL – SECOND READING SPEECH

1. Mr Speaker, I beg to move, that the Bill be now read a second time.

Setting Context

2. The Singapore Public Service is made up of Ministries and Statutory Boards, which work together to deliver services to the public. Today, Ministries, which are led by Ministers, are responsible for setting policy directions, while statutory boards focus on implementation to achieve the policy outcomes.

3. Each statutory board has a constituting Act which spells out its powers and functions and the key governance requirements. These Acts provide for the statutory boards to be separate legal entities from Ministries, and to be governed by their own Board of Directors. This allows them greater autonomy over day-to-day running of operations, and ensure greater responsiveness, efficiency and effectiveness. To illustrate, statutory boards have broad discretion over operational issues; can exercise some flexibility over terms and conditions to hire employees; can own land, and raise capital by issuing bonds.

4. At the same time, statutory boards are part of government and cannot be totally independent either, and Ministers are ultimately accountable for their performance in this House. How statutory boards operate must therefore be in line with the policy directions set by Ministers and their ministries. They must also abide by important tenets of

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governance, such as standards of conduct and discipline, principles of remuneration such as the clean wage policy, that apply to the whole Public Service.

5. In short, statutory boards are part of the government, to be governed centrally, but deliberately constituted as separate entities for operational flexibility. Legislation must reflect that intent, and that balance.

6. There are now 61 statutory boards in Singapore delivering services in respective areas, listed in the schedule of the Bill. They have been set up over the decades. The oldest statutory board in existence today is the Central Provident Fund Board, which was established in 1955. A few were constituted only last year, namely, Workforce Singapore, SkillsFuture Singapore, IMDA and GovTech.

7. Because of the considerable time span during which different statutory boards were established, the key governance requirements in the Acts of our statutory boards are not even. The central agencies, which are the Public Service Division and Ministry of Finance, together with the Smart Nation and Digital Government Office and Ministry of Communications and Information, recently did a comprehensive stock-take of all these Acts. This Bill will reduce and minimize this unevenness, with a view to institutionalize a clearer and consistent governance framework for statutory boards. It will therefore achieve three main objectives:

- a. First, standardise key governance requirements amongst statutory boards.

b. Second, make explicit requirements for Statutory Boards to comply with key corporate policies in HR, finance, office administration, and IT. They are already doing so by abiding the Government Instruction Manuals or IMs, but we should provide for formal legislative backing.

c. Third, improve the data sharing scheme. I am specifically addressing this governance policy because it is a more recent requirement.

d. And fourthly, finally, this Bill also makes related amendments to five Acts.

8. Let me go through each area in turn.

First, standardise key governance requirements across statutory board Acts

9. Today, all statutory boards already follow the same practices for good governance. For example, most statutory board Acts provide for the Minister charged with the responsibility of the statutory board to approve the appointment of its Chief Executive (CE). However, for the 5 polytechnics, their Acts do not make this requirement, even though in practice, MOE and the Minister for Education search, shortlist, interview and bring about the appointments. There is no reason for the polytechnics to be different from the other statutory boards in terms of legislative provisions.

10. This Bill pulls together and standardizes four main areas of governance that are already present in most statutory board Acts.

a. One, the power for the responsible Minister to give directions to statutory boards on the performance of their functions, with which they must comply. Divisions 1 and 3 in Part 2 reflect this.

These directions must be consistent with written laws, and cannot influence any statutorily independent or quasi-judicial functions of the statutory boards. To ensure impartiality of Public Service, the Bill specifies that directions must not be given to achieve specific outcomes or to make employment decisions regarding a particular person or persons.

b. Two, personnel matters regarding the role, appointment, removal, promotion and discipline of the CEs of statutory boards, which are reflected in Division 1 of Part 3.

This Division first clarifies that other than proper administration and management of the functions of the statutory boards in line with Ministerial directions, the CE also has to collaborate with the wider Public Service to deliver public value. This is important because, as our challenges become more complex, they cannot be solved by one agency alone. This change clarifies that agencies can go beyond a narrow interpretation of the functions described in their Acts to also support and seek support from other agencies, which they are already encouraged to do so to achieve Whole-of-Government objectives today.

The Bill also standardises the role of the Minister to approve the appointment and removal of CEs, subject to the concurrence of the Public Service Commission or PSC. Hence it is a three key system – the Board of Directors of the Statutory Boards appoint the CE, the Minister approves, and PSC concurs.¹ In cases where the President’s concurrence is also required, such as the Fifth Schedule Statutory Boards, it is a four key system.²

c. Three, the requirement for statutory board Governing Board members to disclose conflicts of interest, as reflected in Division 1 of Part 4. This Part defines the circumstances under which a member of the Governing Board is deemed to be interested in a matter, and also the standard of disclosure.

These provisions are consistent with corporate governance practices adopted by the private sector, and are already in the recently-passed statutory board Acts such as the SkillsFuture Singapore Agency Act, the Government Technology Agency Act, and the recently amended Town Councils Act.

Four, finance-related requirements relating to the preparation and adoption of budget estimates, the keeping of proper accounts, audit requirements and the presentation of the audited financial statements and annual reports to Parliament. These Part 5

¹ Article 110 of the Constitution states: “Subject to the provisions of this Constitution, it shall be the duty of the Public Service Commission to appoint, confirm, emplace on the permanent or pensionable establishment, promote, transfer, dismiss and exercise disciplinary control over public officers.”

² This would be for the Fifth Schedule SBs i.e. CPF, HDB, JTC and MAS (although MAS is excluded from the Bill).

provisions are basic requirements to ensure proper internal controls and governance over finance administration.

Second, formalise today's administrative requirements to comply with key central policies

11. Our statutory boards currently comply with a range of policies set by central agencies, developed in consultation with key stakeholders, such as the statutory boards themselves and public sector unions. So PSD issues directives on HR matters and MOF on finance matters.

12. The Bill empowers the Minister charged with the responsibility for the Singapore public sector to issue directions to Statutory Boards to comply with those central policies, jointly with the Minister responsible for the respective policy area. This is reflected in Division 1 of Part 2.

13. Such central policies need to strike a balance between effective governance across the Public Service, and the flexibility statutory boards need for operational success. For example, statutory board salaries are benchmarked to the talent markets they compete in, and we do not expect every statutory board to pay at the same salary scales. But it would be imprudent to allow statutory boards to have an absolute free reign in setting salary packages. Hence, we have a process where statutory boards must consult their Ministries and the PSD when reviewing their salaries, and take these views into consideration. During this process, we will ensure that salary benchmarks are appropriately set, the statutory board abides by the clean wage policy, etc.

14. To guide the setting of central policy directives, the Bill stipulates that the relevant Ministers are only empowered to give central directions for the following purposes:

- a. Upholding and promoting the values of the Singapore public sector;
- b. Securing economies or efficiencies for the Singapore public sector;
- c. Improving the efficiency or effectiveness of policies and programmes;
- d. Ensuring business continuity in case of emergencies;
- e. Ensuring accountable and prudent stewardship of Singapore public sector finances and resources;
- f. Managing risks to the financial position of the Government;
and
- g. Supporting a whole-of-government approach in the discharge of the statutory boards' functions.

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15. Central directions by the relevant Ministers must likewise be consistent with written laws. Directions cannot affect the performance of any statutorily independent or quasi-judicial functions of any Singapore public sector agency, including the Judiciary. This would mean, for instance, that the directions cannot undermine the independence of the

Judiciary guaranteed by the Constitution. The courts will continue to exercise their judicial function independently, unimpeded by any ministerial directions, and court orders will have to be obeyed notwithstanding any requirement contained in a direction. Directions cannot be given to achieve specific outcomes or to make employment decisions regarding a particular person or persons.

Third, formalise the data-sharing regime

16. The use of data has transformed the way services are conceived and delivered, to bring greater convenience and faster, seamless service to users. For example, when we drive, our location data is aggregated with other drivers, shared with an app company to generate real time traffic condition maps to guide our travels. The Public Service is also using data to better serve the public, in two ways. The first, is to better provide front line service.

17. MSF's Social Service Offices (SSOs) is a good example. When a resident applies for financial assistance at an SSO, he does not need to submit various documents before receiving assistance. The front line officers already have access to data, from multiple agencies to swiftly evaluate his or her eligibility for financial assistance.

18. Another example is MyInfo, a "tell-us-once" platform for Government services that the Public Service is currently developing. When an individual wants to perform an online Government service transaction, such as applying for a HDB Build-to-Order flat, enrolment into polytechnics or applying for baby bonus, he or she only needs to log in via SingPass, and MyInfo will automatically pre-fill the application form with

his or her information. This is achieved by pooling an individual's personal data from multiple agencies securely through a central platform, and the outcome is a more hassle-free and seamless online transaction process for the applicant.

19. Another way to improve public service is to better use data for analysis and to develop policies and programmes. For example, government agencies are using the Enterprise Data Hub (EDH), a central repository of business entity data, to better understand industries and companies, bring about better analytical insights, and improved support strategies for industries and businesses. In the case, of MOE, we can put together data on past education attainment, family background, jobs and careers to better understand the relationship between education and careers.

20. But in doing such analysis, we need to anonymize the data because it is the aggregated trend and causal relationships that we are seeking to understand. Hence, we will set up centralized data custodians, where raw data from different sources will be matched, and anonymized, before being released to relevant agencies for analysis.

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21. Such cross-agency data sharing initiatives are already happening today, because technology has made it possible. But we need to strengthen the rules, which were written before we could envisage how we can leverage data to improve our work and deliver services better. There are three areas of improvement.

22. First, the Bill provides the bases for data to be shared between public sector agencies. Specifically, there are seven specific purposes

supporting public interest, under which data can be shared under the direction of the Minister. This is backed up by amendments to the Civil Service's internal guidelines to further elaborate the conditions for sharing. In gist, identifiable personal data is shared when services need to be better delivered to the individual, while non-identifiable data is shared to improve policy analysis, planning, and formulation.

23. Second improvement, under today's rules, there is an asymmetrical distribution of responsibility between data owning and data requesting agencies. The requesting agency is using the data, but yet the owner is responsible and accountable for the security of the data. This Bill will correct this asymmetry, and makes clear that it is the user that will be accountable for the protection and safeguarding of data passed to them.

24. Finally, the Bill further introduces criminal penalties for the unauthorised disclosure and improper use of information, and the unauthorised re-identification of anonymised data by the user of data.

25. For avoidance of doubt, the Bill makes it clear that sensitive data protected by legislation would remain protected. This includes data exchanged or received by Statutory Boards, which are subject to confidentiality obligations under international treaties or agreements that are provided under any written law.

Exemptions and Related Amendments

26. All the changes proposed in this Bill will generally apply to all statutory boards, except where there are grounds for exemption. Exemption is due to the function of the statutory board, and the context in

which it operates. For example, the National Council of Social Services is unlike regular statutory boards in that its main functions focus on developing the capabilities and representing the interests of the voluntary welfare sector, and serving as a bridge between the Government and the sector. As such, NCSS functions more autonomously from Government than regular statutory boards and is exempt from the requirement to obtain PSC's concurrence in the appointment, removal, promotion and discipline of its Chief Executive.

27. Another group of statutory boards, like the Singapore Medical Council and the Land Surveyors Board, serve mainly to self-regulate the professional standards, training and conduct of their respective professions. Their core functions relate to the exercise of professional judgment on licensing particular persons to practise as a professional in a field. The Governing Boards therefore comprise registered practitioners of relevant professions with autonomy to exercise professional judgment. Hence the Minister has a smaller role to play in their work and the PSC is not involved in the appointment or the removal of their Registrars.

28. Related to this, I will later move amendments at the Committee stage to bring the treatment of the People's Association (PA) more in line with that of similar statutory boards. The text of the Bill currently exempts the People's Association from (i) the power of the responsible Minister to give directions to the Association, (ii) the role of the governing Board and responsible Minister in appointing the Association's Chief Executive, and (iii) the requirement for the Chairperson to sign the Association's audited financial statements. We had originally given the exemptions due to the unique constitution of the PA where the Prime Minister is the Chairperson while the responsible Minister is the Deputy Chairperson. But we have

since relooked the exemptions and decided to have consistency in PA's governance with the other statutory boards. The only remaining exception is that volunteers who serve on PA's committees will not be subject to the protection as well as the offences that relate to public servants under the Penal Code, for the simple reason that they are volunteers, not members of Board of Working Committees of other Statutory Boards.

29. Finally, the Bill makes related amendments to five Acts:

a. One, an amendment to the Interpretation Act, to set out the longstanding practice where subsidiary legislation made by a statutory board is signed by the chairperson. This clarifies that the chairperson's signature is sufficient to indicate that a statutory board has passed that legislation in resolution without further need for all board members to sign the legislation.³

The amendment also clarifies that where a statutory board is permitted by any written law to delegate the performance of its functions or the exercise of its powers, this does not apply to the power to make subsidiary legislation.

b. Two, amendments to the Fire Safety Act and Police Force Act to remove references to the divisional status of public officers. This reflects the policy since January 2017 to stop grouping officers by divisional status, to better emphasise skills and performance in the management of officers. This is in line with the national SkillsFuture movement.

³ AGC has advised that this approach is consistent with how the Rules Committee makes Rules of Court.

c. Three, an amendment to the Government Contracts Act to allow statutory board employees on secondment to the Government to execute binding contracts on behalf of Government. This will improve the efficiency of our work processes, and be fairer to the officer too.

d. Four, amendments to the Public Service Commission and Legal Service Commission Act. Let me provide some background. Article 21 of the Constitution states that the President must, in exercising her statutory functions, act in accordance with the advice of the Cabinet, except as provided by the Constitution. However, the text of two sections of the PSC & LSC Act is inconsistent with this because it states that the President can exercise her discretion to permit the communication, publication and disclosure of information relating to the Commissions' work, which should not otherwise be disclosed. This inconsistency exists because the PSC & LSC Act was enacted in 1956 before the Constitution was enacted in 1963. Article 162 of the Constitution requires any law pre-dating the Constitution to be brought into alignment with the Constitution. Hence, we are taking this opportunity to amend the PSC & LSC Act to remove the phrase "acting in his discretion" from two sections of the Act. This will not affect the President's powers, and we have consulted the President's office before proposing to streamline our statutes.

Closing Remarks

30. This Bill will strengthen the governance of statutory boards, to better deliver services for the benefit of all Singaporeans.

31. Mr Speaker, I beg to move.

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