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**KEYNOTE ADDRESS BY MR LIM BOON HENG,
MINISTER WITHOUT PORTFOLIO,
AT THE NATIONAL TRADE UNION CONGRESS (NTUC)
INCOME DAY AT RAFFLES BALLROOM, WESTIN STAMFORD
ON WEDNESDAY, 8 DECEMBER 1993 AT 7.30 PM**

It is a pleasure for me and my wife to be invited to join you on the occasion of the 23rd NTUC INCOME Day.

Earlier this year, I had the honour to be invited to the Inaugural Forum dinner of the National Trade Union Congress (NTUC) INCOME Summit Club and to congratulate the top sales representatives of NTUC INCOME for their outstanding contributions to the excellent sales results for the past year.

It is indeed a delight for me to be here again, with some many good friends and staunch comrades who are associated with NTUC INCOME.

NTUC INCOME is more than just another co-operative or business enterprise under the labour movement. It is an important vehicle for the labour movement to look after the financial security and welfare of its members.

I am pleased to note that NTUC INCOME has been highly successful in achieving this social objective over the past years.

When NTUC INCOME was established in 1970, only three percent of the population in Singapore was insured under life insurance. The majority of the workers and the lower income groups were not insured at that time.

NTUC INCOME's mission was to make life insurance available to the general public at affordable rates. This strategy was successfully implemented.

Today, NTUC INCOME provides the security of life insurance to over 360,000 people from all walks of life, including workers and their dependants.

Through its attractive insurance plans, NTUC INCOME also encourages its policyholders to save for the future. The total savings of these policyholders under the life insurance fund amounted to \$1,240 million as at September 1993. This represents an average savings of \$3,460 per policyholder.

NTUC INCOME also provides general insurance policies to cover the homes, motor vehicles and other assets of the policyholders. A total of 160,000 policies under these classes are in force at the end of September.

The total number of policies issued by NTUC INCOME under its life and general insurance classes represent one out of every five persons in Singapore.

This clearly demonstrates that NTUC INCOME has been successful in achieving its mission of providing insurance to the people of Singapore.

In carrying out its sales activities, NTUC INCOME has also been successful in involving the labour movement in a positive and productive way.

About three-fifths of the life insurance sales of NTUC INCOME are made through the voluntary efforts of 2,500 sales organisers who are recruited by the affiliated trade unions and who participate in the sales activities during their spare time. This is an extremely productive use of our limited human resources in Singapore, especially in a tight labour market.

Through this spare time activity, the sales organisers are able to earn an honorarium to supplement their regular incomes and to provide a better standard of living for their families. This sales activity under NTUC INCOME provides another useful opportunity for our workers to meet their aspirations for an improved standard of living.

NTUC INCOME Day is an important occasion for the trade unions and organisers who are involved with NTUC INCOME to get together and to reflect on another year of useful efforts. There are few other events in Singapore which sees such a large gathering of leaders and members for all the trade unions in Singapore.

Looking towards the future, I see many new areas for NTUC INCOME to expand its activities and widen its role in serving the needs of the workers and the general public.

First, NTUC INCOME can play an important role in the area of health-care. The Government has published its white paper on Affordable Health Care which has recently been approved by Parliament after an extensive debate. This paper sets out the strategy for our country to provide good quality health care to the population at an affordable cost.

To achieve this goal, it is important that various parties, ie the Government, the medical providers and the people, should all play their role. For the people, it is important we should all take some personal responsibility for our own health, for example, adopt a healthy life-style, stay in good health and make rational use of medical services.

NTUC INCOME has, over the past year, been developing a managed healthcare system (MHS), that will fit into the new strategy envisaged by the white paper. The MHS, which will be implemented in the first half of 1994, will seek to enrol a large membership of workers and their dependents, encourage them to take some personal responsibility for their own health

and provide them with quality care when they fall sick. Since the public sector will have a new medical benefits scheme, NTUC INCOME will try to implement the MHS as soon as possible.

MHS will arrange a network of medical providers to look after the members and encourage these providers to deliver quality care in a cost effective way.

NTUC INCOME is developing the MHS in conjunction with NTUC Healthcare Co-operative and has made extensive contacts with trade unions, employer groups and the medical groups to enrol their support for this scheme.

Second, NTUC INCOME can play an important role in the area of increasing the assets of workers. This is one of the six goals that I have set for the NTUC.

I want to encourage workers to increase their assets through investments in the shares of profitable and well managed enterprises in Singapore. In this way, our workers will be able to share more directly in the benefits arising from the economic growth of Singapore and will feel involved in working for the prosperity of our nation.

However, our workers may have some difficulty in selecting the appropriate companies for the long term investment of their savings and Central Provident Fund (CPF).

NTUC INCOME can take this opportunity to design and market suitable investment-linked plans that will meet the needs of our workers.

I understand that NTUC INCOME already has such a plan, called the Investment Bond, which has performed well. This plan, which was introduced in 1975, has a good track record. Over the past ten years, I am told that it produced an average return of 11.8 per cent per annum for its investors, primarily due to the robust performance of the stock market during this

period. The total investments in this plan exceeded \$40 million by September 1993.

I understand that this plan has been approved by the CPF under its Enhanced Investment Scheme and I wish to encourage NTUC INCOME to market the Investment Bond plan more actively.

Third, NTUC INCOME can play a bigger role in the future in providing for the needs of our aging population. I understand that the annuity plans marketed by NTUC INCOME has been extremely well received. At the end of 1992, it has sold over 2,200 annuities for a total investment of \$72 million. With more people retiring in the future with larger amounts of savings to be invested, there is a big scope for NTUC INCOME to look after these retirees with attractive annuity plans and other services, such as healthcare.

The opportunities for NTUC INCOME to expand its business activities and better serve the needs of the people are challenging.

To be able to exploit these opportunities more fully, it is important for NTUC INCOME to further strengthen its management team and have more managers who are able to think strategically, have better organisational skills and well versed with the tools of modern management.

I understand that this is already receiving the priority attention of the board of directors and the management.

The total assets of NTUC INCOME has now exceeded \$1,500 million. For a trade union based co-operative which started only 23 years ago with a modest share capital of \$1 million, raised through many weeks of sweat and persuasion, NTUC INCOME has certainly come a long way.

The trade union leaders in NTUC are extremely happy with the good progress that has been made by NTUC INCOME, not only in developing a successful business, but, more important, in serving the needs of the workers and the people at large.

On their behalf, I wish to thank the trustees, directors, management, staff and sales representatives of NTUC INCOME for your contribution towards its success. I also wish to congratulate all the unions, development officers and organisers who have won awards for the annual contest that has just been concluded.

Let me wish you an enjoyable 23rd NTUC INCOME Day.

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