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STATEMENT FROM THE PRIME MINISTER'S OFFICE

MEASURES TO BREAK THE LOW-EDUCATION-

LOW-INCOME-LARGE FAMILY CYCLE

The 1980 Census shows that there were more than 37,000 ever married females aged 40 and below who have four or more children. They make up 14 per cent of the females in this group. They are mostly the less educated with family incomes. Many live in 1-room rented HDB flats. They have been unable to take full advantage of the 25 years of economic progress that Singapore has enjoyed.

From a comparison of HDB figures for home owners' and rentals, in incomes and size of family, the government's planners estimate that 10-15 per cent of our population will never be able to own homes if they continue to have three or more children. They have very low incomes because they are unskilled workers or odd job laborers without permanent employment. They have large families. Most of their income is spent on food, clothing and other basic necessities. Therefore, they are unable to save enough for the down-payment to purchase a flat. The children of these families are likely to be school dropouts at an early age owing to over-crowding and poor learning environment. Unable to break out of the vicious low-income-low education cycle, they will perpetuate their parents' conditions and bear another generation of disadvantaged children.

Apart from the burden on the individual family, each additional child also imposes a cost on the community as a whole. For example, the running cost to provide six years of primary and four years of secondary education to a child is $14,000. To provide health care for a person over his life time casts $10,000 (running cast only). These casts must be borne by the taxpayers. Those who bear the brunt of the taxes form a small group. For example in 1982, eight per cent of individual taxpayers accounted for 75 per cent of the total income tax assessed. To increase the burden on this group is neither equitable nor sustainable.

The present tendency for many children in the less-educated low-income group of having three or more children must be checked. Those in this group, who are just starting their families, must be encouraged to have only two children. Others who already have more than two children must be persuaded to stop having any more. Unless we break this low education large family cycle, we will have a small but significant minority of our people permanently trapped in a poverty subculture, whilst the rest of the population will move even further up the economic and social ladder. Thus the economic and cultural gap will widen.

CASH GRANT FOR SMALL FAMILIES OF LOW INCOME GROUP

To break this poverty-low education cycle, Government will make a cash grant of $10,000 to each mother under 30 years old who elects to undergo sterilization (tubal division) or ligation (tubal occlusion) after the first or second child. The cash grant is about one-third the cost of a 3-room HDB flat in a new town. It will be credited into the mother's CPF account so that it an be used to pay for the flat. To be eligible for the grant, both parents must be Singapore citizens or permanent residents and neither of them must have any 'O' level passes. The combined family income must not be more than $1,500.

A HDB flat purchased with this cash grant must be registered in the mother's name. If her husband's CPF contribution is used to make monthly payments for the flat, the flat can be in their joint names. In the event of a divorce, the wife will have the right to retain the flat provided
she meets the HDB's ownership eligibility rules. The wife will be required to pay into the husband's CPF account whatever contributions he has made. The

HDB can advance a loan to enable the wife to make such payment. The wife will be given time to service the loan. If the cash grant is not used to buy a flat, the money in the CPF account will earn interest at the prevailing rate paid by the CPF Board and may only be withdrawn when the mother reaches the age of 55 years.

The cash grant is given on the condition that should the mother have another child, she must pay back the cash grant of $10,000 plus 10 per cent compound interest a year.

The incentive cash grant for small families will put into effect from 1 June 1984.

REVISION OF ACCOUCHEMENT FEES

Government hospitals should not subsidize at taxpayers' expense the delivery cost of third and subsequent children. Accouchement fees will therefore be adjusted such that the total cost of delivery in a government hospital for a third and subsequent order child will be nearer to the cost charged by private hospitals. The revised fees are shown in Annex I. The revised fees will be effective from 1 March 1985.

Deposit rates for B2 and C Class patients will also be adjusted to reflect the higher accouchement fees.

The accouchement fees will be waived for B2 and C class patients if the mother undergoes sterilization or ligation within six weeks after delivery of any order of birth.

Annex I

REVISED ACCOUCHEMENT FEES
EFFECTIVE 1 MARCH 1985

Order of Birth		Ward Class			
		A	B1	B2	C
1st	Unchanged	350	200	150	100
2nd	Unchanged	400	250	200	150
3rd	Current	550	400	350	300
	New	550	400	400	400
4th	Current	750	600	550	500
	New	750	600	600	600
5th & Subseq.	Current	700	650	600	500
	New	1,000	1,000	1,000	1,000