

THE STATUTES OF THE REPUBLIC OF SINGAPORE

REDUNDANCY PAYMENTS FUND ACT

(CHAPTER 266)

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Act

2 of 1968

Amended by

20 of 1971

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Redundancy Payments Fund Act

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An Act to establish a Redundancy Payments Fund and for matters connected therewith.

[1st March 1968]

1.—(1) This Act may be cited as the Redundancy Payments Fund Act. Short title.

(2) This Act shall apply to any contract, agreement or arrangement entered into before the commencement of this Act whereby an employer has agreed or arranged to pay a redundancy payment to his employee but it shall not apply if the redundancy payment has already pursuant to that

contract, agreement or arrangement been paid to the employee before the commencement of this Act.

Inter-
pretation.
20/71.

2. In this Act, unless the context otherwise requires —

“Director” means the Director of the Fund appointed by the Minister under section 3;

“employee” means an individual who has worked under a contract of employment with an employer, and in respect of whom that employer has agreed or arranged to pay a redundancy payment, whether the contract was for manual labour, clerical work or otherwise, was express or implied, oral or in writing and whether it was a contract of service or apprenticeship; and any reference to “employment” shall be construed accordingly;

“employer” means —

(a) any person, company or association or body of persons, corporate or unincorporate;

(b) the Government; and

(c) any Commonwealth or foreign government and any agency or instrumentality thereof, including the armed forces thereof,

who, or which, has employed an employee in Singapore;

“Fund” means the Redundancy Payments Fund established under section 4;

“member of the Fund” means any person to whose credit any amount is standing in the Fund;

“relevant date” means the date on which an employee ceases to be employed by an employer;

“redundancy payment” means any sum of money that an employer has agreed or arranged to pay to an employee —

(a) whose employment is terminated by reason of redundancy or by reason of the employer ceasing to carry on business for whatever reason or transferring the whole or part of his undertaking or property, as the case may be;

- (b) who is not a citizen of Singapore, upon completion of a contract of employment for a fixed term; or
- (c) who is not a citizen of Singapore, in a lump sum on retirement or by way of commutation of pension;

“wages” means all the remuneration in money due to a person and payable on a monthly, weekly or daily basis in respect of his employment as an employee on the relevant date.

3.—(1) The Minister may appoint a person to be styled the Director of the Redundancy Payments Fund and may appoint such number of Assistant Directors as he may think fit.

Appointment of Director and Assistant Directors.

(2) The Director shall have superintendence of all matters relating to this Act, subject to the direction and control of the Minister.

(3) Any Assistant Director may perform all the duties imposed and exercise all the powers conferred on the Director by this Act.

(4) The Director and the Assistant Directors shall be deemed to be public servants within the meaning of the Penal Code.

Cap. 224.

(5) All appointments made under this section shall be published in the *Gazette*.

4.—(1) For the purposes of this Act, there shall be established a fund to be called the Redundancy Payments Fund into which shall be paid all redundancy payments required to be paid under section 6, and out of which shall be met all payments to be paid under this Act.

Establishment of Redundancy Payments Fund.

(2) The Fund shall be administered and controlled by the Director.

(3) Interest shall be payable on amounts standing to the credit of a member of the Fund at a rate per annum of 5¼% after and in respect of each year ending on 31st December.

(4) If in any year the revenue of the Fund is insufficient to defray the interest due to members of the Fund, such deficiency shall be charged on and paid out of the Consolidated Fund.

Register of members.

5. The Director shall keep, in such form as he may think fit, a register of members of the Fund.

Redundancy payments to be paid to Fund.

6.—(1) Notwithstanding the provisions of any written law, rule of law or any contract or agreement to the contrary, any redundancy payment that would, apart from this section, be payable to an employee on his ceasing to be employed by his employer, shall, upon the employee authorising his employer in that regard in the prescribed form, within 7 days of the relevant date, be paid to the Fund to be credited to an account for the employee in the Fund; and the receipt of the Director shall be a proper discharge to the employer for the sum so paid.

(2) Upon a redundancy payment being paid to the Fund and credited to the account of an employee the employee shall thereupon, without further act or formality, become a member of the Fund.

(3) With every such payment, so authorised, the employer shall furnish such particulars to the employee as the Director may require.

(4) If an employer is unable to comply with subsection (1) by reason of the neglect, failure or refusal of his employee to give the authorisation referred to in that subsection it shall be lawful for that employer to retain the redundancy payment in respect of that employee until such time as the employee authorises the employer to pay the redundancy payment into the Fund, notwithstanding any contract, agreement or arrangement to the contrary.

(5) If an employee has not, for whatever reason, within 3 months of the relevant date, given the authorisation referred to in subsection (1) the employer shall, under the authority conferred by this subsection and notwithstanding any contract, agreement or arrangement to the contrary, pay into the Fund to the credit of that employee the redundancy payment in respect of that employee as if that employee had given an authorisation under subsection (1).

Protection against action, suit, etc.

7.—(1) No action, suit or other proceeding shall be brought in any court, and no claim, demand or liability shall lie against the Government, or any public officer, or the Director, or the employer, in respect of the payment of a

redundancy payment to the Fund made pursuant to section 6 (1) or (5) or in respect of the retention of a redundancy payment under section 6 (4).

(2) When any payment is made or act done by the Director or any person acting under his authority in accordance with this Act and the regulations made thereunder, the Government, the Director and such person shall not be liable in respect of any claim on the part of any member of the Fund in connection with such payment or act, but such member may nevertheless recover any sum lawfully due to him from the person to whom the Director has paid the same.

(3) Nothing in this section shall be construed as exempting the Director or any person acting under his authority from liability for damage or loss caused to any member of the Fund by reason of fraud on the part of the Director or person in relation to his official duties.

8.—(1) Subject to this Act, the Director shall, at the end of each month, beginning with the month next following the relevant date, pay out of the Fund a sum equal to such proportion of wages (not exceeding 60% thereof) as the Minister may, by notification in the *Gazette*, declare and such payments shall continue —

Director to make periodic payments out of Fund.

- (a) in the case of a member of the Fund who is a citizen of Singapore, until the amount standing to the credit of that member in the Fund is exhausted; and
- (b) in the case of a member of the Fund who is not a citizen of Singapore, until an amount equal to two-thirds of the redundancy payment has been paid out of the Fund to that member.

(2) The balance of moneys remaining in the Fund that is equal to one-third of the redundancy payment and any interest that has accrued on the redundancy payment from the date that the payment was made into the Fund shall be paid to the member of the Fund who is not a citizen of Singapore, if, and when, the member satisfies the Director, on such evidence as he may require, or as may be prescribed, that he is about to leave Singapore and has no intention of returning to Singapore.

(3) Upon publication in the *Gazette* the proportion that is specified in the notification shall become the proportion of wages that shall be paid to a member of the Fund under subsection (1).

(4) When the total amount standing to the credit of a member of the Fund has been paid to him that member shall have no further claim against the Fund.

(5) The Director shall keep full and complete records, in such form as he thinks fit, of all payments made by him under subsection (1).

Non-citizens may in certain circumstances withdraw redundancy payment.

9. Notwithstanding anything in this Act, where a member of the Fund who is not a citizen of Singapore applies to the Director in writing and satisfies the Director, on such evidence as the Director may require, or as may be prescribed, that he is about to leave Singapore and has no intention of returning to Singapore, the Director shall pay out of the Fund all moneys standing to the credit of that member in the Fund, including such interest as may have been credited thereon.

Citizens of Singapore may withdraw whole or part of redundancy payment in certain circumstances.

10.—(1) Notwithstanding anything in this Act, where a member of the Fund who is a citizen of Singapore applies to the Director in writing and satisfies the Director, on such evidence as the Director may require, or as may be prescribed —

(a) that he has the intention —

- (i) of purchasing immovable property, whether for his own use or occupation or otherwise;
- (ii) of entering into any trade, business, profession or vocation; or
- (iii) of entering into such other feasible activity as the Director may approve; or

(b) that he is in need of money to meet any circumstances of hardship affecting him, his spouse, his children or parents,

the Director shall pay out of the Fund from the moneys standing to the credit of that member such amounts as he considers adequate to enable him to carry out any of the purposes specified in paragraph (a) or to alleviate any hardship under paragraph (b).

(2) Nothing in this section shall preclude a member of the Fund who is a citizen of Singapore from making more than one application under subsection (1) so long as there are moneys remaining in the Fund to his credit.

(3) The decision of the Director on any application made under subsection (1) shall be final and conclusive and not subject to appeal.

(4) When a member of the Fund who is a citizen of Singapore attains the age of 55 years he may, notwithstanding anything in this Act, apply in writing to the Director to withdraw the amount standing to his credit in the Fund and the Director shall, upon being satisfied as to the age of that member, pay out of the Fund the total amount standing to his credit in the Fund.

11.—(1) No payments made by the authority of the Director from the Fund under section 8, 9 or 10, nor the rights of any member of the Fund acquired thereunder, shall be assignable or transferable or liable to be attached, sequestrated or levied upon for or in respect of any debt or claim whatsoever. Protection of benefits.

(2) Every redundancy payment paid into the Fund under section 6 and every payment out of the Fund under section 8, 9 or 10 shall be exempt from income tax under the Income Tax Act. Cap. 134.

(3) All moneys paid out of the Fund on the death of any member of the Fund shall be deemed to be impressed with a trust in favour of the person nominated under subsection (5) by the deceased member or if no such person has been nominated the person or persons determined by the Public Trustee in accordance with subsection (6) shall be entitled thereto but shall be deemed not to form part of the deceased member's estate or to be subject to his debts. This subsection shall be without prejudice to the operation of the Estate Duty Act. Cap. 96.

(4) No amounts standing to the credit of a member of the Fund shall be subject to the debts of the member of the Fund, nor shall such amounts pass to the Official Assignee on the bankruptcy of that employee, but if that employee is adjudicated a bankrupt or is declared insolvent by judgment of the court, that amount shall be deemed to be impressed with a trust in favour of the persons entitled thereto on the death of the member of the Fund.

(5) Any member of the Fund may by a memorandum executed in the prescribed manner nominate a person or persons to receive in his or their own right the amount standing to his credit in the Fund on his death as the memorandum shall indicate and any employee who does not nominate such a person may be required by the Director to declare in writing that he does not desire to do so.

(6) If at the time of the death of any member of the Fund there is no person nominated under subsection (5), the amount payable out of the Fund shall be paid to the Public Trustee for disposal in accordance with any written law for the time being in force, and if any person nominated, other than a widow, is under the age of 18 years at the time of payment of the amount payable out of the Fund, his portion of the amount payable shall similarly be paid to the Public Trustee for the benefit of such nominated person.

(7) The receipt of a person or persons nominated under subsection (5) or of the Public Trustee shall be a discharge to the Director for such portions of the moneys payable out of the Fund on the death of a member of the Fund as are payable to that person or persons or the Public Trustee under this section.

Expenses. **12.** All expenses incurred by the Director in connection with the administration of the Fund, including the cost of auditing the accounts of the Fund, shall be charged on and paid out of the Consolidated Fund.

Accounts. **13.** Annual accounts of the revenue and expenditure of the Fund and of redundancy payments paid into the Fund and of payments made out of the Fund and interest credited to members of the Fund during the year ended on 31st December, together with a statement of the assets and liabilities of the Fund shall, after being audited and certified by the Auditor-General, be presented to Parliament as soon as practicable after the close of each year and shall thereafter without delay be published in the *Gazette*.

Settlement of disputes. **14.** If any dispute arises between the Director and any member of the Fund, or any person nominated under section 11 (5) by the member to receive the amounts standing to his credit in the Fund on the death of the member, or if no such person has been nominated by a

member of the Fund, or determined by the Public Trustee under section 11 (6) to receive those amounts, then, and in every such case, the matter in dispute shall be referred to an arbitrator to be appointed by the Minister and whatever award, order or determination may be made by the arbitrator shall be binding and conclusive on all parties and shall be final to all intents and purposes and not subject to appeal.

15.—(1) Any person who for any purpose connected with this Act — Offences and penalties.

- (a) knowingly makes any false statement;
- (b) produces or furnishes or causes or knowingly allows to be produced or furnished any document which he knows to be false in a material particular;
- (c) obstructs the Director or any Assistant Director or any person acting under the authority of the Director or Assistant Director in the discharge of his functions under this Act; or
- (d) fails to comply with any regulations made under this Act,

shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$2,000.

(2) If an employer neglects, fails or refuses to pay any redundancy payment into the Fund, after being authorised by his employee under section 6 in that regard, he shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$1,000 and in the case of a second or subsequent conviction to a fine not exceeding \$2,000.

(3) No prosecution shall be instituted under subsection (2) except by, or with the written consent of, the Attorney-General.

16. The Minister may by order exempt any employer, or class of employers, from the operation of this Act. Exemption.

17.—(1) The Minister may, from time to time, make such regulations for, or in respect of, every purpose which is deemed by him necessary for carrying out the provisions of this Act and for the prescribing of any matter which is authorised or required under this Act to be so prescribed. Regulations.

(2) Without prejudice to the generality of subsection (1), the Minister may make regulations —

- (a) to prescribe the procedure to be followed when redundancy payments are paid by an employer into the Fund;
- (b) to prescribe the procedure for payments from the Fund;
- (c) to prescribe the form of authorisation by an employee referred to in section 6;
- (d) to prescribe the evidence to be produced to the Director for the purpose of section 9 or 10;
- (e) to prescribe the returns to be made by employers and the forms to be used in the carrying out of the provisions of this Act; and
- (f) to provide for the disposal of amounts which are unclaimed, unpaid or otherwise remain in the Fund.